NATIONAL ASSOCIATION OF INVESTORS CORPORATION
NAIC
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS SINCE 1951

Stock Selection Guide ®

The most widely used aid to good investment judgment

Company BROWN & BROWN, INC. Date 10/08/04

Prepared by MG Data taken from NAIC Data

Where traded NYSE Major product/service Insurance B

CAPITALIZATION --- Outstanding Amounts Reference

Preferred($M)	0.0		% Insiders		% Institution
Common(M Shares)	68.8		19.7		56.7
Debt($M)	102.8	% to Tot.Cap.	17.1	% Potential Dil.	None

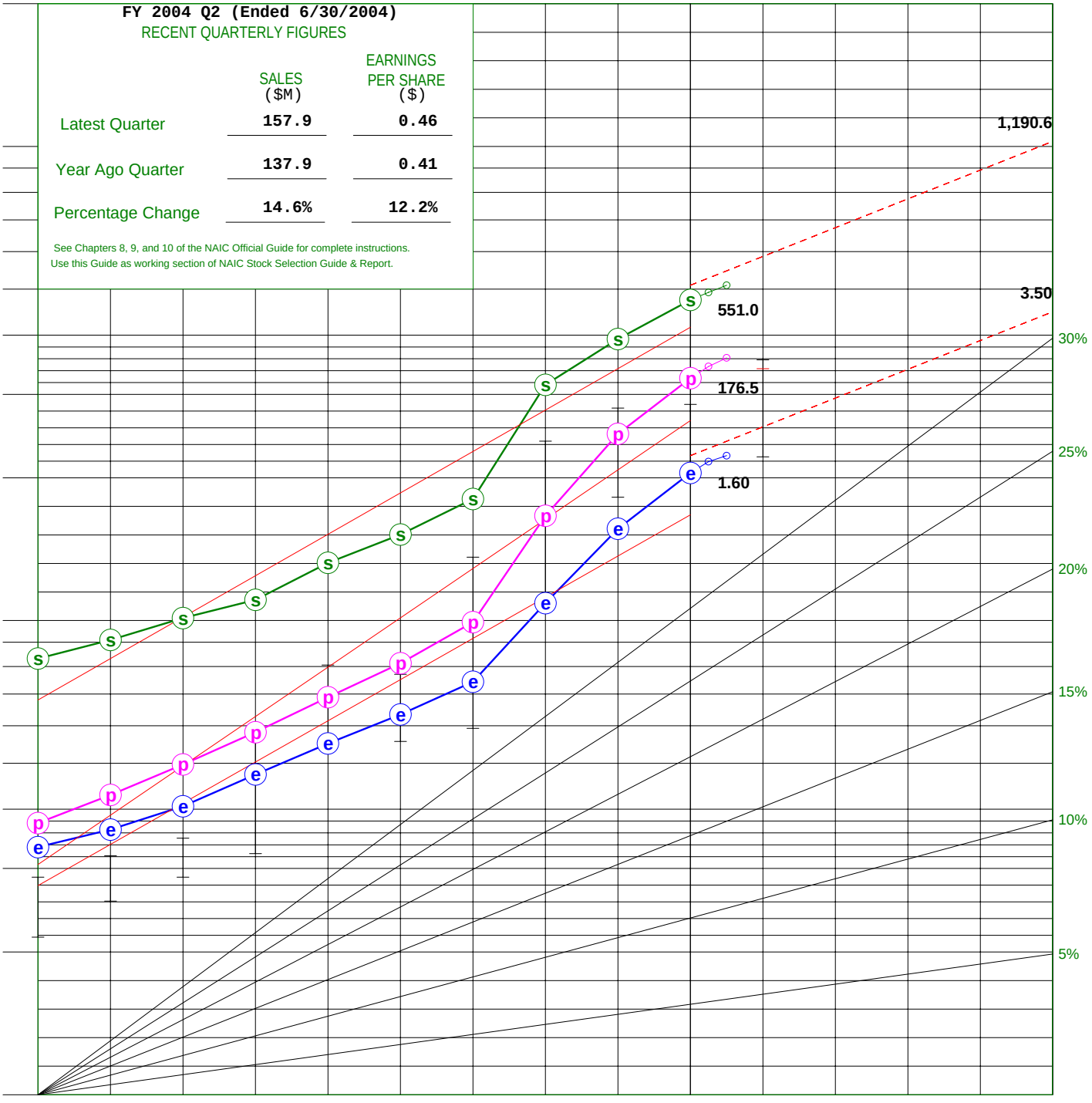
1 VISUAL ANALYSIS of Sales, Earnings and Price

BRO

FY 2004 Q2 (Ended 6/30/2004)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	157.9	0.46
Year Ago Quarter	137.9	0.41
Percentage Change	14.6%	12.2%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.



(1) Historical Sales Growth 22.3 %
(2) Estimated Future Sales Growth 15.0 %
(3) Historical Earnings Per Share Growth 22.1 %
(4) Estimated Future Earnings Per Share Growth 15.0 %

2 EVALUATING MANAGEMENT

Company: BROWN & BROWN, INC. (BRO) — 10/08/04

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	21.1	22.1	23.0	24.6	24.4	25.1	25.7	24.8	29.5	32.0	27.4	UP	
B	% Earned on Equity (E/S ÷ Book Value)	30.3	27.1	24.5	25.2	27.6	26.4	27.3	30.6	21.2	22.0	25.5		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 44.790 HIGH THIS YEAR 46.760 LOW THIS YEAR 29.200

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	1999	10.2	7.3	0.50	20.5	14.8	0.115	23.2	1.6
2	2000	17.9	7.8	0.58	~~30.9~~	~~13.5~~	0.135	23.3	1.7
3	2001	31.5	14.4	0.85	~~37.1~~	~~16.9~~	0.160	18.8	1.1
4	2002	37.0	24.0	1.22	~~30.3~~	~~19.7~~	0.200	16.4	0.8
5	2003	37.7	26.8	1.60	23.5	16.7	0.242	15.1	0.9
6	TOTAL		80.3		44.0	31.5		96.8	
7	AVERAGE		16.1		22.0	15.8		19.4	

8 AVERAGE PRICE EARNINGS RATIO 18.9 | 9 CURRENT PRICE EARNINGS RATIO 25.7

Proj. P/E [22.38] Based on Next 4 qtr. EPS [2.00] **Current P/E Based on Last 4 qtr. EPS [1.74]**

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 22.0 (3D7 as adj.) X Estimate High Earnings/Share 3.50 = Forecast High Price $ 77.0 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 15.8 (3E7 as adj.) X Estimated Low Earnings/Share ~~1.60~~ 1.74 = $ 27.5

(b) Avg. Low Price of Last 5 Years = 16.1 (3B7)

(c) Recent Severe Market Low Price = 24.0

(d) Price Dividend Will Support Present Divd. 0.280 ÷ High Yield (H) 0.017 = 16.2

Selected Estimate Low Price = $ 27.5 (4B1)

C ZONING

77.0 (4A1) High Forecast Price Minus 27.5 (4B1) Low Forecast Price Equals 49.5 (C) Range. 1/3 of Range = 12.4 (4CD)

(4C2) Lower 1/3 = (4B1) 27.5 to 39.9 (Buy) **Note: Ranges changed to 25%/50%/25%**

(4C3) Middle 1/3 = 39.9 to 64.6 (Maybe)

(4C4) Upper 1/3 = 64.6 to 77.0 (4A1) (Sell)

Present Market Price of 44.790 is in the Hold (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 77.0 Minus Present Price 44.790 = 32.2 ÷ 17.3 = 1.9 To 1 (4D)

Present Price 44.790 Minus Low Price (4B1) 27.5

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 77.0 ÷ Present Market Price 44.790 = (1.719) X 100 = (171.9) - 100 = 71.9 % Appreciation (4E)

Relative Value: 136.0% Proj. Relative Value: 118.4%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend $ 0.280 ÷ Present Price of Stock $ 44.790 = 0.006 X 100 = 0.6 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 2.65 X Avg. % Payout (3G7) 19.4 = 51.4 ÷ Present Price $ 44.790 = 1.1 % (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 71.9 ÷ 5 = 14.4 %

Average Yield (5B) 1.1 %

Average Total Annual Return Over the Next 5 Years (5C) 15.5 %

	P.A.R.	Tot. Ret.
Average Yield	1.0%	0.9%
Annual Appreciation	8.1%	11.4%
% Compd Ann Rate of Ret	9.1%	12.3%

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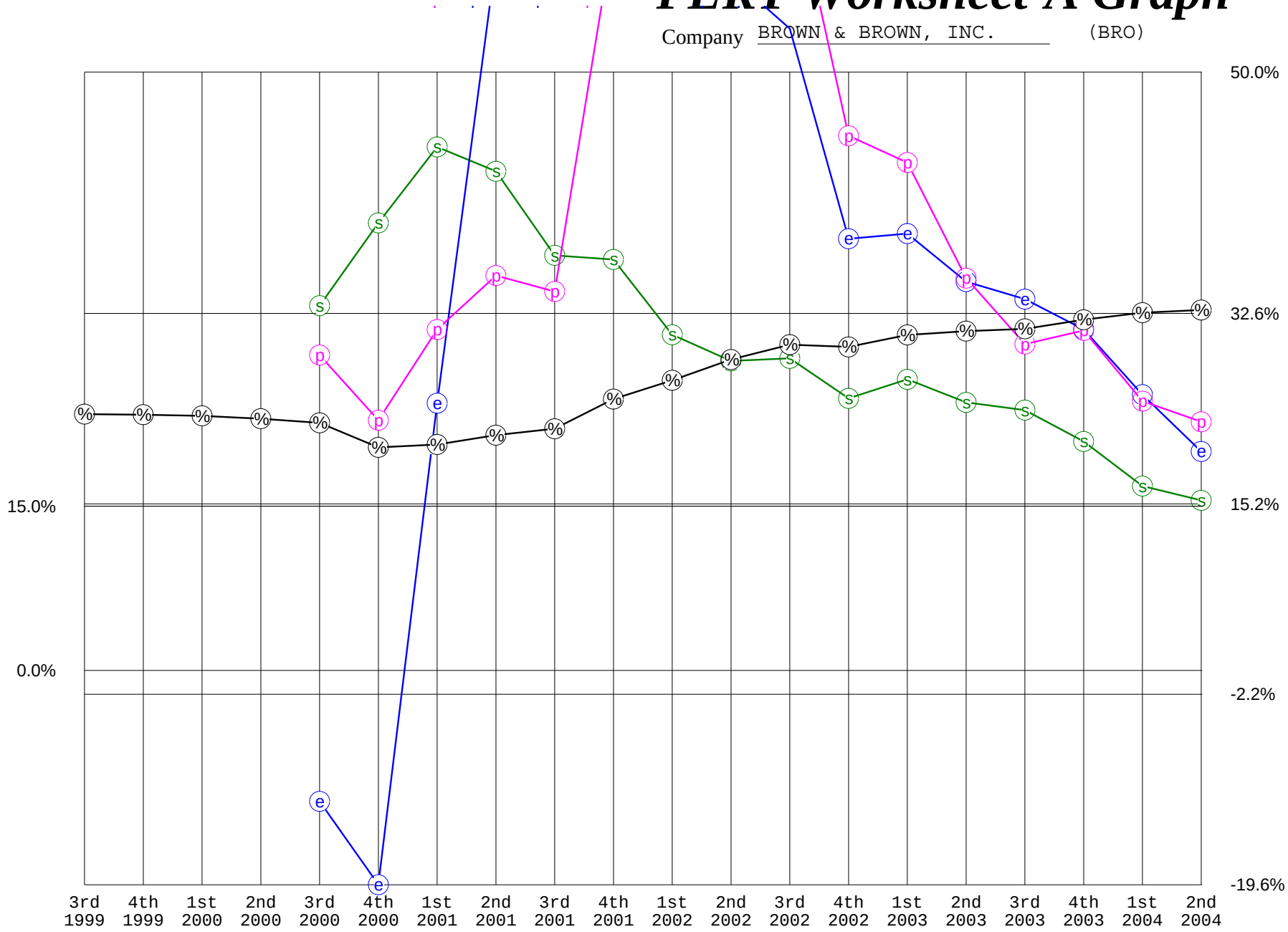
PERT Worksheet-A

Company BROWN & BROWN, INC. (BRO)

QUARTERLY DATA									LAST 12 MONTHS DATA									
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS $	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE			
	$	% CHANGE	$ MIL	% SALES	% CHANGE	$ MIL	% CHANGE			$ MIL	% SALES		$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
03/98								*38.4*						38.6			
06/98								*38.4*						38.5			
09/98								*38.4*						38.5			
12/98	0.11		9.67	23.8		40.66		35.9						37.8			
03/99	0.13		12.21	25.9		47.07		40.2						38.2			
06/99	0.10		9.21	20.6		44.75		39.1						38.4			
09/99	0.13		11.76	23.2		50.57		39.5	0.47	42.85	23.4	183.1	16.6	38.7			
12/99	0.12	6.2	10.83	23.5	12.0	46.00	13.1	37.0	0.48	44.01	23.4	188.4	17.1	39.0			
03/00	0.08	-40.8	14.76	25.1	20.9	58.89	25.1	38.4	0.42	46.56	23.3	200.2	17.9	38.5			
06/00	0.08	-25.0	13.33	20.5	44.7	64.96	45.2	33.8	0.40	50.68	23.0	220.4	18.8	37.2			
09/00	0.14	12.0	16.28	21.9	38.5	74.17	46.7	42.7	0.41	55.20	22.6	244.0	21.0	38.0	-12.0	28.8	33.3
12/00	0.09	-25.0	9.70	14.4	-10.4	67.38	46.5	41.7	0.38	54.06	20.4	265.4	21.2	39.1	-19.6	22.8	40.9
03/01	0.22	185.7	21.75	24.3	47.4	89.41	51.8	40.4	0.53	61.06	20.6	295.9	24.2	39.6	24.4	31.1	47.8
06/01	0.21	173.3	21.23	23.6	59.2	89.93	38.4	41.8	0.66	68.95	21.5	320.9	28.7	41.6	65.0	36.1	45.6
09/01	0.21	50.0	21.62	24.1	32.9	89.81	21.1	38.6	0.73	74.30	22.1	336.5	30.2	40.6	76.0	34.6	37.9
12/01	0.24	166.7	25.87	27.0	166.9	95.88	42.3	40.8	0.87	90.48	24.8	365.0	36.5	40.4	129.1	67.4	37.5
03/02	0.31	40.9	33.71	30.4	55.0	111.04	24.2	40.1	0.96	102.44	26.5	386.7	41.3	40.3	83.8	67.8	30.7
06/02	0.31	51.2	35.69	31.1	68.1	114.90	27.8	39.9	1.07	116.90	28.4	411.6	46.6	39.8	63.4	69.5	28.3
09/02	0.29	38.1	33.40	30.2	54.4	110.66	23.2	40.1	1.15	128.67	29.8	432.5	51.7	40.2	58.6	73.2	28.5
12/02	0.31	29.2	31.87	26.7	23.2	119.15	24.3	32.9	1.22	134.66	29.5	455.7	51.5	38.2	39.4	48.8	24.9
03/03	0.44	41.9	49.00	33.9	45.4	144.74	30.4	38.1	1.35	149.95	30.6	489.4	56.6	37.7	39.9	46.4	26.6
06/03	0.41	32.3	44.52	32.3	24.7	137.86	20.0	36.5	1.45	158.79	31.0	512.4	58.6	36.9	35.5	35.8	24.5
09/03	0.38	31.0	41.63	31.2	24.6	133.55	20.7	37.0	1.54	167.02	31.2	535.3	60.4	36.1	33.9	29.8	23.8
12/03	0.37	19.4	41.33	30.6	29.7	134.90	13.2	38.3	1.60	176.48	32.0	551.0	66.1	37.5	31.1	31.1	20.9
03/04	0.53	20.5	59.36	35.9	21.1	165.57	14.4	38.2	1.69	186.84	32.7	571.9	70.1	37.5	25.2	24.6	16.8
06/04	0.46	12.2	52.53	33.3	18.0	157.94	14.6	39.3	1.74	194.85	32.9	592.0	74.4	38.2	20.0	22.7	15.5
09/04								*36.6*						38.1			
12/04								*36.6*						37.7			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T

Trailing 4 quarters

PERT Worksheet-A Graph

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