



Stock Selection Guide®

The most widely used aid to good investment judgment

Company	BROWN & BROWN, INC.		Date	08/04/06	
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)	139.5	19.7	55.9		
Debt (\$M)	284.2	% to Tot.Cap.	27.1	% Potential Dil.	None

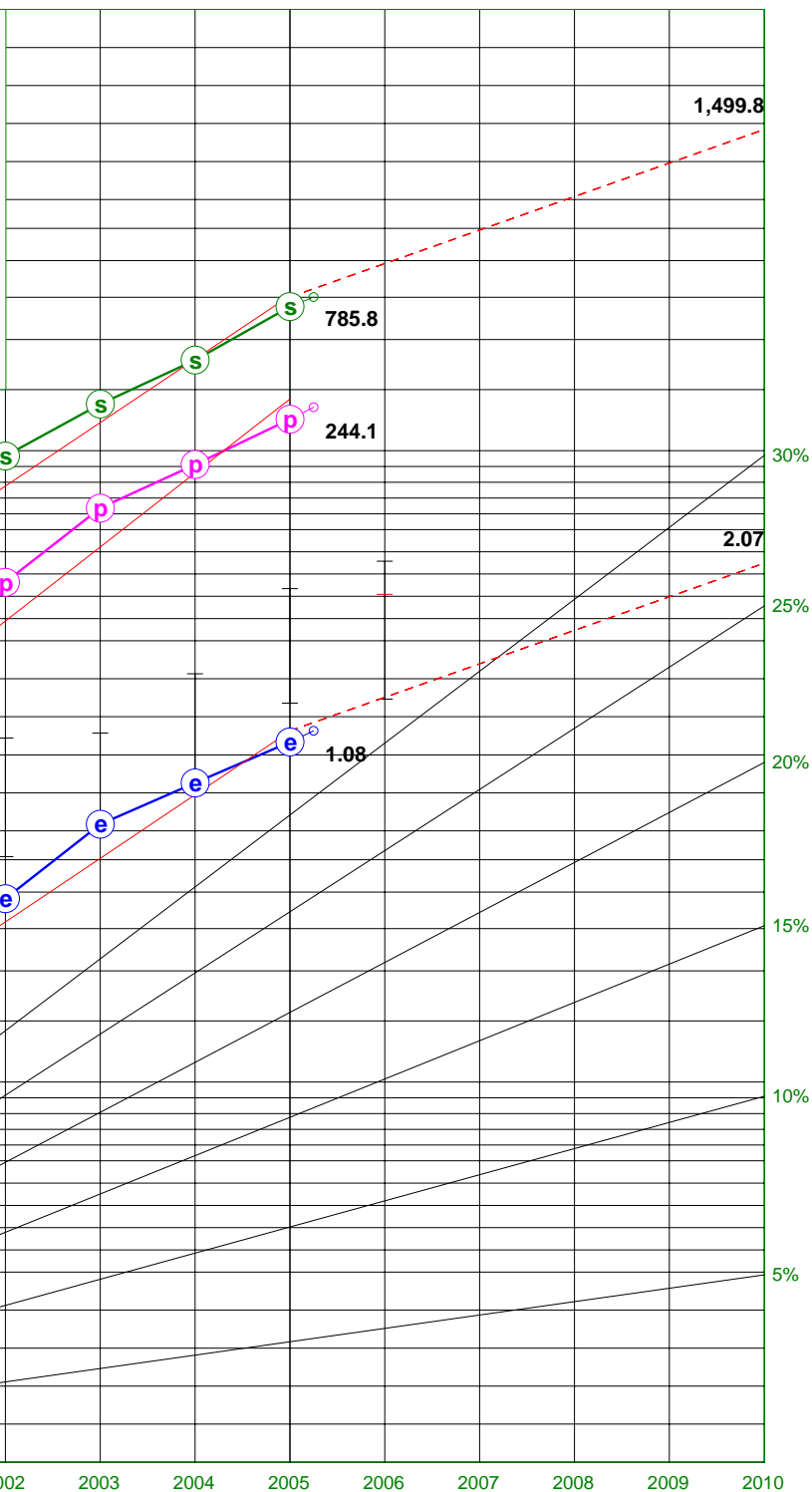
1 VISUAL ANALYSIS of Sales, Earnings and Price

BRO

FY 2006 Q1 (Ended 3/31/2006)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	230.6	0.36
Year Ago Quarter	202.4	0.31
Percentage Change	13.9%	16.1%

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



- | | | | |
|-----------------------------------|--------|--|--------|
| (1) Historical Sales Growth | 26.0 % | (3) Historical Earnings Per Share Growth | 26.1 % |
| (2) Estimated Future Sales Growth | 13.0 % | (4) Estimated Future Earnings Per Share Growth | 13.0 % |

2 EVALUATING MANAGEMENT

Company **BROWN & BROWN, INC.** (BRO)

08/04/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	23.0	24.6	24.4	25.1	25.7	24.8	29.5	32.0	32.0	31.1	29.9	UP	
B % Earned on Equity (E/S ÷ Book Value)	24.4	25.1	27.6	26.3	27.3	30.6	21.2	22.0	20.6	19.7	22.8		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 31.240 HIGH THIS YEAR 35.250 LOW THIS YEAR 21.305

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1 2001	15.8	7.2	0.43	37.2	16.9	0.080	18.8	1.1	
2 2002	18.5	12.0	0.61	30.3	19.7	0.100	16.4	0.8	
3 2003	18.8	13.4	0.80	23.5	16.7	0.121	15.1	0.9	
4 2004	23.4	16.0	0.93	25.2	17.2	0.145	15.6	0.9	
5 2005	31.9	21.0	1.08	29.5	19.4	0.170	15.7	0.8	
6 TOTAL		69.6		78.2	53.3		81.6		
7 AVERAGE		13.9		26.1	17.8		16.3		
8 AVERAGE PRICE EARNINGS RATIO	21.9			9	CURRENT PRICE EARNINGS RATIO			27.8	

4 Proj. P/E [24.47] Based on Next 4 qtr. EPS [1.28] Current P/E Based on Last 4 qtr. EPS [1.13] EVALUATING RISK and REWARD over the next 5 years PEG=188

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 26.1 X Estimate High Earnings/Share 2.07 = Forecast High Price \$ 54.0
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 17.8 X Estimated Low Earnings/Share 1.08 1.13 = \$ 20.1
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 13.9
(3B7)
(c) Recent Severe Market Low Price = 16.0

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.200}{0.011} = 18.0$
Selected Estimate Low Price = 18.0
(4B1)

C ZONING

54.0 High Forecast Price Minus 18.0 Low Forecast Price Equals 36.0 Range. 1/3 of Range = 9.0
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = 18.0 to 27.0 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 27.0 to 45.0 (Maybe)
(4C4) Upper 1/3 = 45.0 to 54.0 (4A1) (Sell)

Present Market Price of 31.240 is in the Hold Range
(4C5)

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

High Price (4A1) 54.0 Minus Present Price 31.240 = 22.8 = 1.7 To 1
Present Price 31.240 Minus Low Price (4B1) 18.0 = 13.2 (4D)

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

High Price (4A1) 54.0
Present Market Price 31.240 = (1.729) X 100 = (172.9) - 100 = 72.9 % Appreciation
(4E)

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 \$ 0.200
Present Price of Stock \$ 31.240 = 0.006 X 100 = 0.6 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 1.62 X Avg. % Payout (3G7) 16.3 = 26.4 = 0.8 %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 72.9
5
Average Yield (5B) 0.6 %
Average Total Annual Return Over the Next 5 Years (5C) 15.4 %
Present Price \$ 31.240
P.A.R. 0.7% Tot. Ret. 0.6%
Average Yield 0.7%
Annual Appreciation 7.8% 11.6%
% Compd Ann Rate of Ret 8.5% 12.2%



PERT Worksheet-A

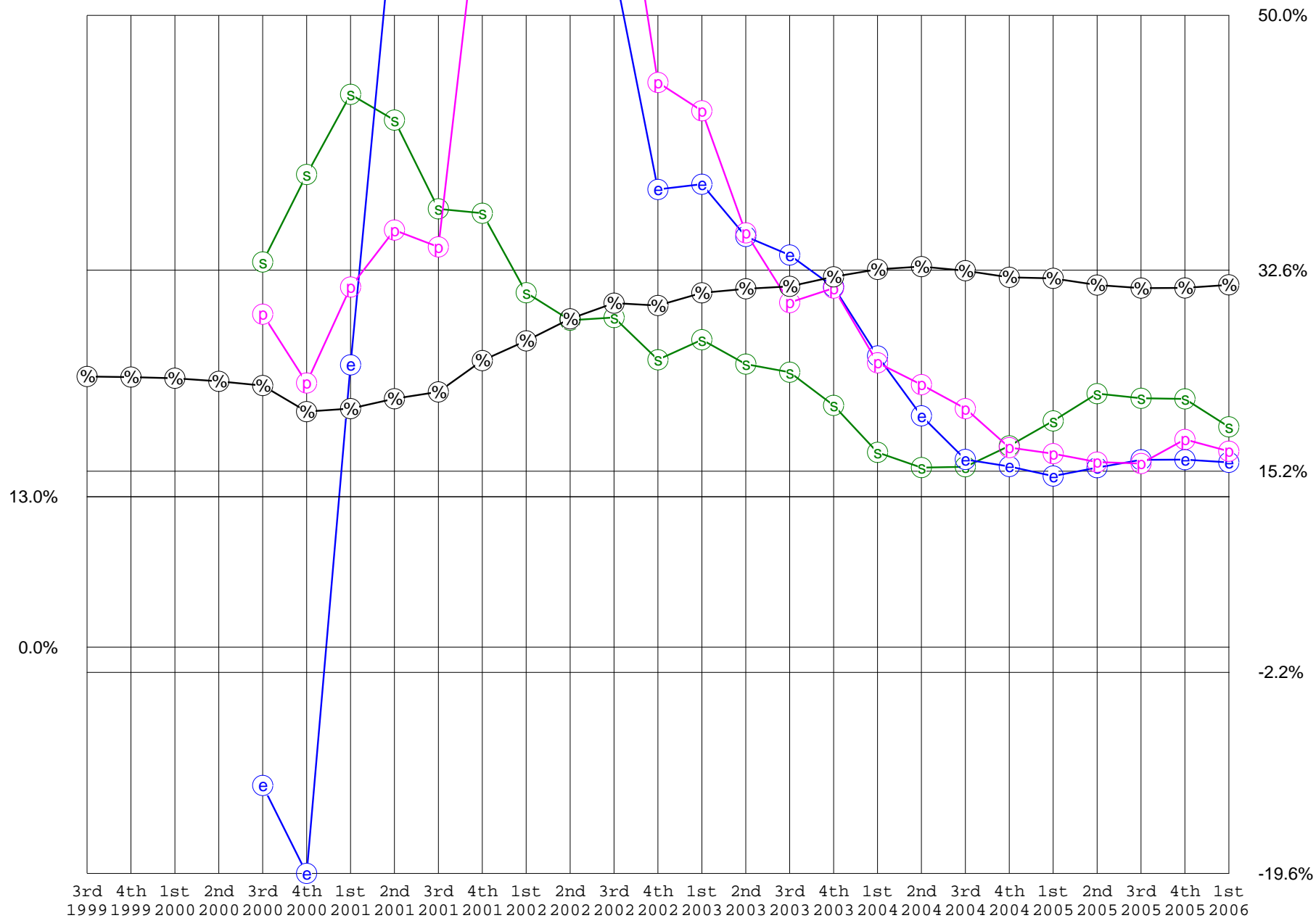
Company BROWN & BROWN, INC. (BRO)

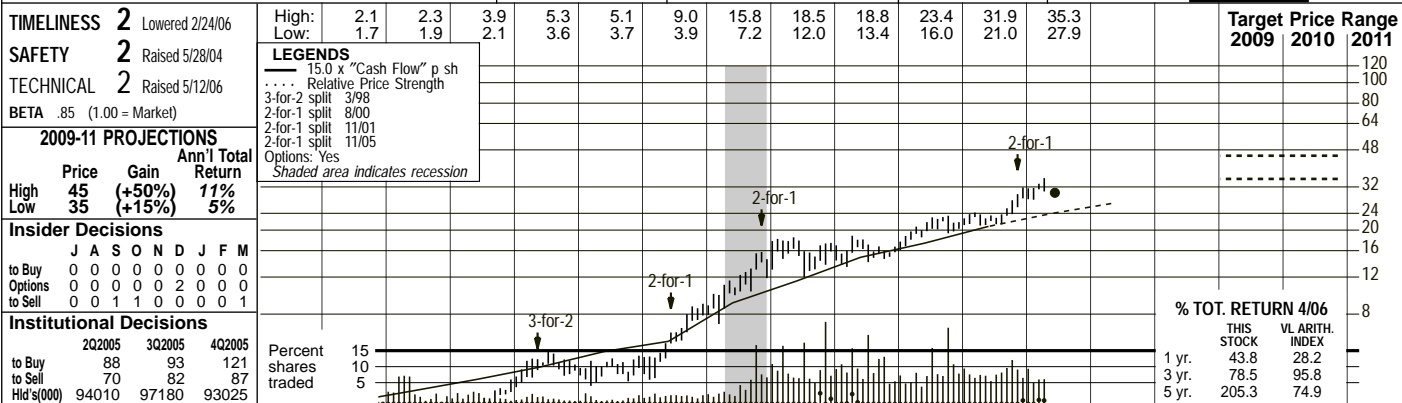
QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
03/98								38.4						38.6			
06/98								38.4						38.5			
09/98								38.4						38.5			
12/98	0.06		9.67	23.8		40.66		35.9						37.8			
03/99	0.07		12.21	25.9		47.07		40.2						38.2			
06/99	0.05		9.21	20.6		44.75		39.1						38.4			
09/99	0.06		11.76	23.2		50.57		39.5	0.23	42.85	23.4	183.1	16.6	38.7			
12/99	0.06	6.2	10.83	23.5	12.0	46.00	13.1	37.0	0.24	44.01	23.4	188.4	17.1	39.0			
03/00	0.04	-40.8	14.76	25.1	20.9	58.89	25.1	38.4	0.21	46.56	23.3	200.2	17.9	38.5			
06/00	0.04	-25.0	13.33	20.5	44.7	64.96	45.2	33.8	0.20	50.68	23.0	220.4	18.8	37.2			
09/00	0.07	12.0	16.28	21.9	38.5	74.17	46.7	42.7	0.21	55.20	22.6	244.0	21.0	38.0	-12.0	28.8	33.3
12/00	0.05	-25.0	9.70	14.4	-10.4	67.38	46.5	41.7	0.19	54.06	20.4	265.4	21.2	39.1	-19.6	22.8	40.9
03/01	0.11	185.7	21.75	24.3	47.4	89.41	51.8	40.4	0.26	61.06	20.6	295.9	24.2	39.6	24.4	31.1	47.8
06/01	0.10	172.0	21.23	23.6	59.2	89.93	38.4	41.8	0.33	68.95	21.5	320.9	28.7	41.6	64.7	36.1	45.6
09/01	0.11	50.0	21.62	24.1	32.9	89.81	21.1	38.6	0.36	74.30	22.1	336.5	30.2	40.6	75.7	34.6	37.9
12/01	0.12	166.7	25.87	27.0	166.9	95.88	42.3	40.8	0.44	90.48	24.8	365.0	36.5	40.4	128.8	67.4	37.5
03/02	0.16	40.9	33.71	30.4	55.0	111.04	24.2	40.1	0.48	102.44	26.5	386.7	41.3	40.3	83.6	67.8	30.7
06/02	0.16	52.0	35.69	31.1	68.1	114.90	27.8	39.9	0.54	116.90	28.4	411.6	46.6	39.8	63.6	69.5	28.3
09/02	0.15	38.1	33.40	30.2	54.4	110.66	23.2	40.1	0.58	128.67	29.8	432.5	51.7	40.2	58.8	73.2	28.5
12/02	0.16	29.2	31.87	26.7	23.2	119.15	24.3	32.9	0.61	134.66	29.5	455.7	51.5	38.2	39.6	48.8	24.9
03/03	0.22	41.9	49.00	33.9	45.4	144.74	30.4	38.1	0.68	149.95	30.6	489.4	56.6	37.7	40.0	46.4	26.6
06/03	0.21	32.3	44.52	32.3	24.7	137.86	20.0	36.5	0.73	158.79	31.0	512.4	58.6	36.9	35.5	35.8	24.5
09/03	0.19	31.0	41.63	31.2	24.6	133.55	20.7	37.0	0.77	167.02	31.2	535.3	60.4	36.1	33.9	29.8	23.8
12/03	0.19	19.4	41.33	30.6	29.7	134.90	13.2	38.3	0.80	176.48	32.0	551.0	66.1	37.5	31.1	31.1	20.9
03/04	0.27	20.5	59.36	35.9	21.1	165.57	14.4	38.2	0.85	186.84	32.7	571.9	70.1	37.5	25.2	24.6	16.8
06/04	0.23	12.2	52.53	33.3	18.0	157.94	14.6	39.3	0.87	194.85	32.9	592.0	74.4	38.2	20.0	22.7	15.5
09/04	0.22	13.2	48.26	30.1	15.9	160.38	20.1	38.0	0.90	201.48	32.6	618.8	77.4	38.4	16.2	20.6	15.6
12/04	0.22	16.2	46.80	28.7	13.2	163.05	20.9	36.0	0.93	206.95	32.0	646.9	78.3	37.9	15.6	17.3	17.4
03/05	0.31	17.0	70.51	34.8	18.8	202.37	22.2	38.7	0.97	218.10	31.9	683.7	82.8	38.0	14.8	16.7	19.6
06/05	0.27	15.2	60.47	30.9	15.1	195.93	24.1	38.9	1.01	226.04	31.3	721.7	85.6	37.9	15.5	16.0	21.9
09/05	0.25	16.3	55.69	29.2	15.4	190.65	18.9	37.3	1.04	233.47	31.0	752.0	88.1	37.7	16.2	15.9	21.5
12/05	0.25	16.3	57.46	29.2	22.8	196.86	20.7	38.9	1.08	244.13	31.1	785.8	93.9	38.4	16.2	18.0	21.5
03/06	0.36	16.1	81.44	35.3	15.5	230.58	13.9	37.7	1.13	255.05	31.3	814.0	97.4	38.2	16.0	16.9	19.1
06/06								36.6						37.6			
09/06								36.6						37.5			
12/06								36.6						36.9			

A B C D E F G H I J K L M N O P Q R S T

PERT Worksheet-A Graph

Company BROWN & BROWN, INC. (BRO)





1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB, INC.	09-11
.79	.77	.81	.94	.97	1.02	1.14	1.23	1.42	1.61	1.80	2.89	3.34	4.02	4.68	5.64	6.50	7.30	Revenues per sh	9.85
.13	.14	.12	.15	.19	.20	.23	.26	.30	.36	.40	.60	.77	.99	1.16	1.39	1.60	1.80	"Cash Flow" per sh	2.50
.07	.08	.05	.08	.13	.14	.16	.19	.22	.25	.29	.43	.61	.80	.93	1.08	1.25	1.45	Earnings per sh ^A	2.05
.03	.03	.03	.03	.04	.04	.04	.04	.05	.06	.07	.08	.10	.12	.15	.17	.20	.20	Div'ds Decl'd per sh ^B	.26
.03	.02	.02	.02	.02	.05	.04	.03	.32	.05	.04	.09	.05	.12	.07	.10	.12	.12	Cap'l Spending per sh	.16
.16	.22	.22	.27	.43	.52	.65	.74	.78	.94	1.04	1.39	2.87	3.63	4.51	5.48	6.50	7.70	Book Value ^D	12.50
58.79	60.28	61.25	100.31	102.62	104.18	103.87	104.86	107.98	109.76	116.73	126.39	136.36	137.12	138.32	139.38	140.00	140.00	Common Shs Outst'g ^C	140.00
10.5	10.9	25.3	19.5	12.7	13.7	13.0	15.3	20.8	17.8	21.4	26.2	25.7	20.0	22.0	22.3	20.0	22.3	Avg Ann'l P/E Ratio	20.0
.78	.70	1.53	1.15	.83	.92	.81	.88	1.08	1.01	1.39	1.34	1.40	1.14	1.16	1.19	1.16	1.19	Relative P/E Ratio	1.35
3.6%	3.1%	2.9%	2.2%	2.1%	2.1%	2.0%	1.6%	1.1%	1.3%	1.1%	.7%	.6%	.8%	.7%	.7%	.7%	.7%	Avg Ann'l Div'd Yield	.6%

CAPITAL STRUCTURE as of 12/31/05		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Revenues (\$mill)	1380	
Total Debt \$269.8 mill. Due in 5 Yrs \$69.8 mill.		118.7	129.2	153.8	176.4	209.7	365.0	455.7	551.0	646.9	785.8	910	1020								Operating Margin	40.0%
LT Debt \$214.2 mill. LT Interest \$17.8 mill. (22% of Cap'l)		29.9%	35.3%	30.8%	32.1%	32.3%	32.5%	35.2%	37.3%	37.9%	38.4%	38.5%	39.0%								Depreciation (\$mill)	64.0
Leases, Uncapitalized: Annual rentals \$28.9 mill.		7.5	8.1	9.4	11.8	13.2	22.4	21.3	25.7	31.1	43.3	46.0	50.0								Net Profit (\$mill)	285
No Defined Benefit Pension Plan		16.5	19.4	23.1	27.2	33.2	53.9	83.1	110.3	128.8	150.6	175	205								Income Tax Rate	40.0%
Pfd Stock None		39.0%	38.7%	38.5%	38.5%	38.5%	38.5%	36.6%	37.5%	37.7%	38.3%	39.0%	39.0%								Net Profit Margin	20.7%
Common Stock 139,397,938 shs. as of 3/10/06 (adjusted for the 2-for-1 stock split paid 11/28/05)		5.7	14.9	3.1	0.6	4.3	50.1	34.6	42.0	174.9	37.0	60.0	70.0								Working Cap'l (\$mill)	120
MARKET CAP: \$4.2 Billion (Mid Cap)		5.3	4.1	17.2	3.9	2.7	78.2	57.6	41.1	227.1	214.2	220	220								Long-Term Debt (\$mill)	220
CURRENT POSITION 2003 2004 12/31/05 (\$MILL.)		67.3	77.1	84.2	103.0	121.9	175.3	391.6	498.0	624.3	764.3	910	1080								Shr. Equity (\$mill)	1750
Cash Assets		23.4%	24.5%	23.0%	25.7%	26.9%	22.4%	19.0%	20.8%	15.6%	16.1%	15.5%	16.0%								Return on Total Cap'l	15.0%
Receivables		24.5%	25.1%	27.4%	26.4%	27.2%	30.8%	21.2%	22.2%	20.6%	19.7%	19.0%	19.0%								Return on Shr. Equity	16.5%
Other		18.2%	19.1%	20.9%	20.3%	21.0%	25.2%	17.8%	18.8%	17.4%	16.6%	16.0%	16.5%								Retained to Com Eq	14.0%
Current Assets		26%	24%	24%	23%	23%	18%	16%	15%	16%	16%	16%	14%								All Div'ds to Net Prof	13%
Accts Payable		<p>BUSINESS: Brown & Brown operates an insurance brokerage firm that markets property/casualty products and services to commercial, professional, and individual customers. The company's property insurance protects against physical damage to property and the resultant interruption of business caused by firestorm, windstorm, or other perils. Casualty insurance relates to legal liabilities, workers' compensation, commercial and private automobile insurance, and fidelity and surety insurance. Has about 4,540 empls. Off./dir. own 20.6% of stock; J. Hyatt Brown, 15.5%; Ruane, Cunniff & Goldfarb, 9.1% (3/06 Proxy). Chairman and CEO: J. Hyatt Brown. Inc. Fl. Address: 220 South Ridgewood Ave., Daytona Beach, FL 32114. Telephone: 386-252-9601. Internet: www.bbinsurance.com.</p>																				

Brown & Brown's first-quarter earnings jumped 16%, driven by a 14% increase in sales. Acquisitions continue to be the main driver of growth, with seven transactions completed since the beginning of this year. Being a consolidator makes Brown a growth company in an industry that otherwise has to be considered mature. On the other hand, because of the ongoing softening within the pricing environment, internal growth was only 1.2%. In addition, a reduction in capacity in Florida and other coastal areas also limited the company's internal growth.

We expect earnings to advance over 15% annually over the next few years. That's mainly on higher volume. Overall, sales will probably increase 16% in 2006 and 12% in 2007 as revenues benefit from higher contingent commissions, as well as from further acquisitions. Furthermore, good expense control should keep operating margins at a healthy level. On the downside, premium growth will likely remain depressed in the coming quarters. Moreover, management has expressed its concern that the dropoff in industry business in coastal areas will continue to challenge results.

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	144.7	137.9	133.5	134.9	551.0
2004	165.6	157.9	160.4	163.0	646.9
2005	202.4	195.9	190.6	196.9	785.8
2006	230.6	220	220	239.4	910
2007	260	255	250	255	1020

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.22	.21	.19	.18	.80
2004	.27	.23	.22	.21	.93
2005	.31	.27	.25	.25	1.08
2006	.36	.30	.29	.30	1.25
2007	.38	.36	.36	.35	1.45

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.024	.024	.024	.029	.10
2003	.029	.029	.029	.035	.12
2004	.035	.035	.035	.04	.15
2005	.04	.04	.04	.05	.17
2006	.05	.05			

(A) Diluted earnings. Next earnings report due mid-July. (B) Dividend historically paid in mid-February, May, August, and November. (C) In millions, adjusted for splits. (D) Includes intangibles. In '05: \$926.9 million, \$6.65 a share.