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GENERAL

In April of 1993, Poe & Associates, Inc., headquartered in Tampa, Florida, merged with Brown & Brown, Inc., headquartered in Daytona Beach, Florida, forming Poe & Brown, Inc. In April of 1999, the shareholders voted to change the name to Brown & Brown, Inc. (the "Company"). Since that merger, the Company's operating results have steadily improved. The Company achieved pre-tax income from operations of \$44,208,000 in 1999, compared to \$37,969,000 in 1998 and \$30,984,000 in 1997. Pre-tax income as a percentage of total revenues was 25.1% in 1999, 23.9% in 1998 and 21.6% in 1997. This upward trend is primarily the result of the Company's achievement of revenue growth and operating efficiency improvements.

The Company's revenues are comprised principally of commissions paid by insurance companies, fees paid directly by clients and investment income. Commission revenues generally represent a percentage of the premium paid by the insured and are materially affected by fluctuations in both premium rate levels charged by insurance underwriters and the volume of premiums written by such underwriters. These premium rates are established by insurance companies based upon many factors, none of which is controlled by the Company. Beginning in 1986 and continuing through 1999, revenues have been adversely influenced by a consistent decline in premium rates resulting from intense competition among property and casualty insurers for expanding market share. Among other factors, this condition of prevailing decline in premium rates, commonly referred to as a "soft market," has generally resulted in flat to reduced commissions on renewal business. The possibility of rate increases in 2000 is unpredictable.

The development of new and existing proprietary programs, fluctuations in insurable exposure units and the volume of business from new and existing clients, and changes in general economic and competitive conditions further impact revenues. For example, stagnant rates of inflation in recent years have generally limited the increases in insurable exposure units such as property values, sales and payroll levels. Conversely, the increasing trend in litigation settlements and awards has caused some clients to seek higher levels of insurance coverage. Still, the Company's revenues continue to grow through quality acquisitions, intense initiatives for new business and development of new products, markets and services. The Company anticipates that results of operations for 2000 will continue to be influenced by these competitive and economic conditions.

On July 20, 1999, the Company acquired Ampher Insurance, Inc. and Ross Insurance of Florida, Inc. through an exchange of shares. Additionally, on November 10, 1999, the Company acquired Signature Insurance Group, Inc. and C, S & D, a Florida general partnership, also through an exchange of shares. On April 14, 1998 the Company acquired Daniel-James Insurance Agency, Inc. and Becky-Lou Realty Limited, through an exchange of shares. Each of these transactions has been accounted for as a pooling-of-interests and, accordingly, the Company's consolidated financial statements have been restated for all periods prior to the acquisitions to include the results of operations, financial positions and cash flows of the acquired entities.

During 1999, the Company acquired the assets of six general insurance agencies, several books of business (customer accounts) and the outstanding shares of two general insurance agencies. Each of these transactions was accounted for as a purchase. On December 30, 1999, the Company acquired all of the outstanding stock of Roswell Insurance & Surety Agency, Inc. This transaction was accounted for as a pooling-of-interests; however, the financial statements for all prior periods were not restated due to the immaterial nature of the transaction.

During 1998, the Company acquired the assets of nineteen general insurance agencies, several books of business and the outstanding shares of one general insurance agency. Each of these transactions was accounted for as a purchase.

During 1997, the Company acquired three general insurance agencies and several books of business, all of which were accounted for as purchases. On August 1, 1997, the Company acquired all of the outstanding stock of Shanahan, McGrath & Bradley, Inc. This transaction was accounted for as a pooling-of-interests; however, the financial statements for all prior periods were not restated due to the immaterial nature of the transaction.

Contingent commissions may be paid to the Company by insurance carriers based upon the volume, growth and/or profitability of the business placed with such carriers by the Company and are primarily received in the first quarter of each year. In the last three years, contingent commissions have averaged approximately 4.7% of total revenues.

Fee revenues are generated principally by the Service Division of the Company, which offers administration and benefit consulting services primarily in the workers' compensation and employee benefit self-insurance markets. For the past three years, service fee revenues have generated an average of 8.7% of total commissions and fees.

Investment income consists primarily of interest earnings on premiums and advance premiums collected and not immediately remitted to insurance carriers, with such funds being held in a fiduciary capacity. The Company's policy is to invest its available funds in high-quality, short-term fixed income investment securities. Investment income also includes gains and losses realized from the sale of investments. In 1999, investment income included a gain of approximately \$140,000 resulting from the Company's disposition of its investment in the 37th Street Properties partnership. For 1998, investment income included a \$165,000 realized gain from the sale of the Company's investments in AmSouth Bancorporation and United States Filter Corporation. In 1997, investment income included a \$303,000 realized gain from the sale of the Company's investment in Fort Brooke Bank.

The following discussion and analysis regarding results of operations and liquidity and capital resources should be considered in conjunction with the accompanying consolidated financial statements and related notes.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

Commissions and Fees

Commissions and fees increased 11% in 1999, 13% in 1998 and 8% in 1997. Excluding the effect of acquisitions, commissions and fees increased 2% in 1999, 2% in 1998 and 6% in 1997. The 1999 results reflect an increase in commissions for three of the four operating divisions. The National Programs division posted a decrease in commissions for 1999. In general, property and casualty insurance premium prices continued to decline in 1999, which was primarily responsible for the slower growth rate; however, certain segments and industries had some increases in insurable exposure units during the year.

Investment Income

Investment income decreased to \$2,560,000 in 1999 compared to \$3,325,000 in 1998 and \$4,241,000 in 1997. This decrease is primarily due to lower levels of invested cash precipitated by the Company's ongoing acquisition strategy in both 1999 and 1998. Additionally, the 1997 results included a \$303,000 gain from the sale of the Company's investment in Fort Brooke Bank.

Other Income

Other income consists primarily of gains and losses from the sale and disposition of assets. During 1999, gains from the sale of customer accounts were \$1,162,000 compared to losses of \$115,000 in 1998 and gains of \$646,000 in 1997. The gain in 1999 was primarily attributable to the disposition of certain accounts in the Lawyer's Protector Plan[®] of the Company's National Programs Division. The loss in 1998 was due primarily to the disposition of the Company's Charlotte, North Carolina operation.

Employee Compensation & Benefits

Employee compensation and benefits increased approximately 10% in 1999, 9% in 1998 and 8% in 1997. Employee compensation and benefits as a percentage of total revenue was 51% in 1999, down from 52% in both 1998 and 1997. The Company had 1,370 full-time employees at December 31, 1999, compared to 1,417 at the beginning of the year. The decrease in personnel during 1999 is primarily attributable to the restructuring of the

National Programs Division. The 1999 increase in compensation and employee benefits of \$8,436,000 is attributable to several factors, including higher levels of both producer commissions and profit center bonuses resulting from the Company's proportionate increases in revenue and profitability.

Other Operating Expenses

Other operating expenses increased 3% in 1999, 5% in 1998 and 6% in 1997. Other operating expenses as a percentage of total revenues decreased to 19% in 1999 from 20% in 1998 and 22% in 1997. The continuing decline in operating expenses, expressed as a percentage of total revenues, is primarily attributable to the effective cost containment measures brought about by the Company's "Project 28" initiative, designed to identify areas of excess expense.

Interest and Amortization

Interest expense increased \$115,000, or 20%, in 1999, and decreased \$405,000, or 42%, in 1998. Interest expense decreased \$2,000 in 1997. The increase in 1999 is due to higher levels of debt during the first quarter of 1999 and the assumption of debt in certain pooling acquisitions.

Amortization expense increased \$1,804,000, or 31%, in 1999, \$213,000, or 4%, in 1998, and \$434,000, or 8%, in 1997. The increase in 1999 is due to the additional amortization of intangibles as a result of both 1999 and 1998 acquisitions. The increase in 1997 is due primarily to the \$670,000 write-off of the remaining intangible assets related to a terminated purchase contract agreement.

Income Taxes

The effective tax rate on income from operations was 38.5% in both 1999 and 1998, and 38.7% in 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents of \$37,459,000 at December 31, 1999 decreased by \$5,366,000 from \$42,825,000 at December 31, 1998. During 1999, \$39,728,000 of cash was provided from operating activities. From this amount and existing cash balances, \$18,154,000 was used to acquire businesses, \$17,106,000 was used to repay long-term debt, \$6,237,000 was used for payment of dividends, \$4,936,000 was used for additions to fixed assets and \$1,152,000 was used for purchases of the Company's stock.

The Company's cash and cash equivalents of \$42,825,000 at December 31, 1998, decreased \$6,623,000 from the December 31, 1997 balance of \$49,448,000. During 1998, cash of \$37,833,000 was provided from operating activities and \$12,000,000 was received from long-term debt financing. From these amounts and existing cash balances, \$29,608,000 was used to acquire businesses, \$9,233,000 was used for purchases of the Company's stock, \$7,835,000 was used to repay long-term debt, \$5,494,000 was used for payment of dividends, \$4,560,000 was used for fixed asset additions and \$1,184,000 was used for purchases of investments.

The Company's cash and cash equivalents of \$49,448,000 at December 31, 1997 increased \$15,428,000 from the December 31, 1996 balance of \$34,020,000. During 1997, cash of \$31,507,000 was provided from operating activities. From this amount, \$5,860,000 was used for purchases of the Company's stock, \$4,636,000 was used for payment of dividends, \$3,072,000 was used to acquire businesses, \$2,915,000 was used for fixed asset additions and \$2,824,000 was used for payments on long-term debt.

The Company's current ratio was .95, 1.02 and 1.11 at December 31, 1999, 1998 and 1997, respectively. The decrease in the current ratio in 1999 is primarily attributable to the repayment of long-term debt during 1999.

The Company continues to maintain its credit agreement with a major insurance company under which \$4 million (the maximum amount available for borrowing) was outstanding at December 31, 1999. The available amount will decrease by \$1 million each August beginning in 2000. The credit agreement requires the Company to maintain certain financial ratios and comply with certain other covenants.

The Company also has a revolving credit facility with a national banking institution that provides for available borrowings of up to \$50 million, with a maturity date of October 2000. On borrowings of up to \$8 million, the outstanding balance is adjusted daily based upon cash flows from operations. The interest rate on this portion of the facility is equal to the prime rate less 1% (7.50% at December 31, 1999). On borrowings in excess of \$8 million, the interest rate on this portion of the facility is LIBOR plus 0.45% to 1.25%, depending on certain financial ratios that are calculated on a quarterly basis. A commitment fee of 0.125% per annum is assessed on the unused balance. At December 31, 1999, there were no borrowings against the facility; at December 31, 1998, \$12 million was outstanding.

The Company believes that its existing cash, cash equivalents, short-term investment portfolio, funds generated from operations and the availability of the bank line of credit will be sufficient to satisfy its normal financial needs through at least the end of 2000. Additionally, the Company believes that funds generated from future operations will be sufficient to satisfy its normal financial needs, including the required annual principal payments of its long-term debt and any potential future tax liability.

YEAR 2000 DATA CONVERSION

The Company has not experienced any material disruption as a result of Year 2000 issues and does not anticipate any material problems in the future. The costs incurred in remediating potential Year 2000 problems did not differ materially from the Company's prior estimates.

FORWARD-LOOKING STATEMENTS

From time to time, the Company may publish "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or make verbal statements that constitute forward-looking statements. These forward-looking statements may relate to such matters as anticipated financial performance of future revenues or earnings, business prospects, projected acquisitions or ventures, new products or services, anticipated market performance, compliance costs, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to: (i) competition from existing insurance agencies and new participants and their effect on pricing of premiums; (ii) changes in regulatory requirements that could affect the cost of doing business; (iii) legal developments affecting the litigation experience of the insurance industry; (iv) the volatility of the securities markets; (v) the potential occurrence of a major natural disaster in certain areas of the State of Florida, where the Company's business is concentrated, and (vi) general economic conditions. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Consolidated Statements of Income

Year Ended December 31,

<i>(in thousands, except per share data)</i>	1999	1998	1997
REVENUES			
Commissions and fees	\$ 172,546	\$ 155,577	\$ 138,112
Investment income	2,560	3,325	4,241
Other income	1,307	45	1,148
Total revenues	176,413	158,947	143,501
EXPENSES			
Employee compensation and benefits	90,440	82,004	74,931
Other operating expenses	33,424	32,552	30,972
Amortization	7,657	5,853	5,640
Interest	684	569	974
Total expenses	132,205	120,978	112,517
Income before income taxes	44,208	37,969	30,984
Income taxes	17,036	14,620	11,996
Net income	\$ 27,172	\$ 23,349	\$ 18,988
Other comprehensive income, net of tax: Unrealized holding (loss) gain, net of tax benefit (expense) of \$395 in 1999, \$770 in 1998 and (\$149) in 1997 on securities	(618)	(1,204)	233
COMPREHENSIVE INCOME	\$ 26,554	\$ 22,145	\$ 19,221
Basic and diluted earnings per share	\$ 1.98	\$ 1.70	\$ 1.39
Weighted average number of shares outstanding	13,736	13,704	13,639

See notes to consolidated financial statements.

Consolidated Balance Sheets

	Year Ended December 31,	
	1999	1998
<i>(in thousands, except per share data)</i>		
ASSETS		
Cash and cash equivalents	\$ 37,459	\$ 42,825
Short-term investments	481	805
Premiums, commissions and fees receivable	67,783	69,736
Other current assets	7,214	9,873
Total current assets	112,937	123,239
Fixed assets, net	14,337	13,777
Intangibles, net	91,813	79,704
Investments	9,449	10,503
Other assets	6,627	4,906
Total assets	\$ 235,163	\$ 232,129
LIABILITIES		
Premiums payable to insurance companies	\$ 87,737	\$ 90,346
Premium deposits and credits due customers	7,771	8,379
Accounts payable and accrued expenses	20,458	17,154
Current portion of long-term debt	3,548	4,960
Total current liabilities	119,514	120,839
Long-term debt	3,909	17,378
Deferred income taxes	1,578	2,403
Other liabilities	7,136	7,829
Total liabilities	132,137	148,449
SHAREHOLDERS' EQUITY		
Common stock, par value \$.10 per share; authorized 70,000 shares; issued 13,720 shares at 1999 and 13,770 shares at 1998	1,372	1,377
Retained earnings	96,732	76,763
Accumulated other comprehensive income, net of tax effect of \$3,147 at 1999 and \$3,542 at 1998	4,922	5,540
Total shareholders' equity	103,026	83,680
Total liabilities and shareholders' equity	\$ 235,163	\$ 232,129

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(in thousands, except per share data)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
BALANCE, JANUARY 1, 1997	13,535	\$ 1,354	\$ 1,211	\$ 58,302	\$ 6,511	\$ 67,378
Net income				18,988		18,988
Acquired and issued for employee stock benefit plans and stock acquisitions	123	12	(1,211)	(3,925)		(5,124)
Net increase in unrealized appreciation of available-for-sale securities					233	233
Shareholder distributions from pooled entities				(600)		(600)
Cash dividends paid (\$.3533 per share)				(4,636)		(4,636)
BALANCE, DECEMBER 31, 1997	13,658	1,366	—	68,129	6,744	76,239
Net income				23,349		23,349
Acquired and issued for employee stock benefit plans and stock acquisitions	112	11	—	(8,388)		(8,377)
Net decrease in unrealized appreciation of available-for-sale securities					(1,204)	(1,204)
Shareholder distributions from pooled entities				(833)		(833)
Cash dividends paid (\$.4100 per share)				(5,494)		(5,494)
BALANCE, DECEMBER 31, 1998	13,770	1,377	—	76,763	5,540	83,680
Net income				27,172		27,172
Acquired and issued for employee stock benefit plans and stock acquisitions	(50)	(5)	—	95		90
Net decrease in unrealized appreciation of available-for-sale securities					(618)	(618)
Shareholder distributions from pooled entities				(1,061)		(1,061)
Cash dividends paid (\$.4600 per share)				(6,237)		(6,237)
BALANCE, DECEMBER 31, 1999	13,720	\$ 1,372	\$ —	\$ 96,732	\$ 4,922	\$ 103,026

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended December 31,

(in thousands)	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 27,172	\$ 23,349	\$ 18,988
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,152	3,565	3,190
Amortization	7,657	5,853	5,640
Compensation expense under performance stock plan	1,263	732	176
Provision for doubtful accounts	—	—	250
Deferred income taxes	(430)	271	(94)
Net (gains) losses on sales of investments, fixed assets and customer accounts	(452)	406	(933)
Premiums, commissions and fees receivable decrease (increase)	1,953	(2,525)	(545)
Other assets increase	(851)	(1,432)	(1,294)
Premiums payable to insurance companies (decrease) increase	(2,608)	6,837	1,236
Premium deposits and credits due customers (decrease) increase	(608)	1,344	(294)
Accounts payable and accrued expenses increase (decrease)	3,303	(1,814)	4,848
Other liabilities (decrease) increase	(823)	1,247	339
Net cash provided by operating activities	39,728	37,833	31,507
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	(4,936)	(4,560)	(2,915)
Payments for businesses acquired, net of cash acquired	(18,154)	(29,608)	(3,072)
Proceeds from sales of fixed assets and customer accounts	647	148	597
Purchases of investments	(124)	(1,184)	(262)
Proceeds from sales of investments	627	1,030	557
Net cash used in investing activities	(21,940)	(34,174)	(5,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	(17,106)	(7,835)	(2,824)
Proceeds from long-term debt	738	12,000	2,068
Exercise of stock options and issuances of stock	1,664	1,113	868
Purchases of stock	(1,152)	(9,233)	(5,860)
Shareholder distributions from pooled entities	(1,061)	(833)	(600)
Cash dividends paid	(6,237)	(5,494)	(4,636)
Net cash used in financing activities	(23,154)	(10,282)	(10,984)
Net (decrease) increase in cash and cash equivalents	(5,366)	(6,623)	15,428
Cash and cash equivalents at beginning of year	42,825	49,448	34,020
Cash and cash equivalents at end of year	\$ 37,459	\$ 42,825	\$ 49,448

See notes to consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brown & Brown, Inc. (formerly Poe & Brown, Inc.) and subsidiaries (the "Company") is a diversified insurance brokerage and agency that markets and sells primarily property and casualty insurance products and services to its clients. The Company's business is divided into four divisions: the Retail Division, which markets and sells a broad range of insurance products to commercial, professional and individual clients; the National Programs Division, which develops and administers property and casualty insurance and employee benefits coverage for professional and commercial groups nationwide; the Service Division, which provides insurance-related services such as third-party administration and consultation for workers' compensation and employee benefit self-insurance markets; and the Brokerage Division, which markets and sells excess and surplus commercial insurance primarily through non-affiliated independent agents and brokers.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Brown & Brown, Inc. and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in consolidation.

As more fully described in Note 2 – Mergers, the accompanying consolidated financial statements for all periods presented have been restated to show the effect of the acquisitions of Ampher Insurance, Inc., Ross Insurance of Florida, Inc., Signature Insurance Group, Inc. and C,S&D, a Florida general partnership, during 1999, and Daniel-James Insurance Agency, Inc. during 1998.

Revenue Recognition

Commissions relating to the brokerage and agency activity whereby the Company has primary responsibility for the collection of premiums from insureds are generally recognized as of the latter of the effective date of the insurance policy or the date billed to the customer. Commissions to be received directly from insurance companies are generally recognized when the amounts are determined. Subsequent commission adjustments, such as policy endorsements, are recognized upon notification from the insurance companies. Commission revenues are reported net of sub-broker commissions. Contingent commissions from insurance companies are recognized when received. Fee income is recognized as services are rendered.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments having maturities of three months or less when purchased. Premiums received from insureds but not yet remitted to insurance carriers are held in cash and cash equivalents in a fiduciary capacity.

Premiums, Commissions and Fees Receivable

In its capacity as an insurance broker or agent, the Company typically collects premiums from insureds and, after deducting its authorized commission, remits the premiums to the appropriate insurance companies. In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to the Company. Accordingly, as reported in the Consolidated Balance Sheets, "premiums" are receivable from insureds and "commissions" are receivable from insurance companies. "Fees" are receivable from customers pertaining to the Company's Service Division.

Investments

The Company's marketable equity securities have been classified as "available-for-sale" and are reported at estimated fair value, with the accumulated other comprehensive income (unrealized gains and losses), net of tax, reported as a separate component of shareholders' equity. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income.

Nonmarketable equity securities and certificates of deposit having maturities of more than three months when purchased are reported at cost, adjusted for other-than-temporary market value declines.

Accumulated other comprehensive income reported in shareholders' equity was \$4,922,000 at December 31, 1999 and \$5,540,000 at December 31, 1998, net of deferred income taxes of \$3,147,000 and \$3,542,000, respectively. The Company owned 559,970 shares of Rock-Tenn Company common stock at December 31, 1999 and 1998 which have been classified as non-current, available-for-sale securities. The Company has no current plans to sell these shares.

Fixed Assets

Fixed assets are stated at cost. Expenditures for improvements are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Depreciation has been provided using principally the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements are amortized on the straight-line method over the term of the related leases.

Intangibles

Intangible assets are stated at cost less accumulated amortization and principally represent purchased customer accounts, non-compete agreements, acquisition costs, purchased contract agreements and the excess of costs over the fair value of identifiable net assets acquired (goodwill). Purchased customer accounts, non-compete agreements, acquisition costs, and purchased contract agreements are being amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. The excess of costs over the fair value of identifiable net assets acquired is being amortized on a straight-line basis over 15 to 40 years. Purchased customer accounts are records and files obtained from acquired businesses that contain information on insurance policies and the related insured parties that is essential to policy renewals.

The carrying value of intangibles, corresponding with each agency division comprising the Company, is periodically reviewed by management to determine if the facts and circumstances suggest that they may be impaired. In the insurance brokerage and agency industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of the corresponding revenues. Accordingly, the Company assesses the carrying value of its intangibles by comparison to a reasonable multiple applied to corresponding revenues, as well as considering the operating cash flow generated by the corresponding agency division. Any impairment identified through this assessment may require that the carrying value of related intangibles be adjusted; however, no impairments have been recorded for the years ended December 31, 1999, 1998 and 1997.

Income Taxes

The Company files a consolidated federal income tax return. Deferred income taxes are provided for in the consolidated financial statements and relate principally to expenses charged to income for financial reporting purposes in one period and deducted for income tax purposes in other periods, unrealized appreciation of available-for-sale securities and basis differences of intangible assets.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Basic EPS excludes dilution and Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted to common stock.

Accounting Standards

On January 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes new standards for the reporting and display of comprehensive income and its components. Comprehensive income, as defined, includes all changes in equity (net assets) during a period from non-owner sources. Adoption of this Statement had no impact on the Company's consolidated financial position, results of operations or cash flows.

On January 1, 1998, the Company adopted SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 requires the Company to report summarized financial information concerning the Company's reportable segments, as disclosed in Note 14. Adoption of this Statement had no impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 2 MERGERS

On July 20, 1999, the Company issued 167,328 shares of its common stock in exchange for all of the outstanding stock of Ampher Insurance, Inc. and Ross Insurance of Florida, Inc. (collectively referred to as "Ampher-Ross"), both Florida corporations with an office in Ft. Lauderdale, Florida.

On November 10, 1999, the Company issued 105,385 shares of its common stock in exchange for all of the outstanding stock of Signature Insurance Group, Inc. ("Signature"), a Florida corporation with an office in Ocala, Florida, and for all of the outstanding membership interests of C,S&D, a Florida general partnership established in January 1999.

These transactions have been accounted for under the pooling-of-interests method of accounting, and accordingly, the Company's consolidated financial statements and related notes have been restated for all periods prior to the acquisitions to include the results of operations, financial positions and cash flows of Ampher-Ross, Signature and C,S&D.

The following table reflects the 1998 and 1997 individual and combined operating results of the Company, Ampher-Ross, Signature and C,S&D.

<i>(in thousands of dollars, except per share data)</i>	Audited	Unaudited			Combined
	Brown & Brown	Ampher-Ross	Signature	C,S&D	
1998					
Revenues	\$ 153,791	\$ 2,994	\$ 2,162	\$ —	\$ 158,947
Net Income	23,053	86	210	—	23,349
1997					
Revenues	\$ 138,607	\$ 2,761	\$ 2,133	\$ —	\$ 143,501
Net Income	18,666	64	258	—	18,988
				1998	1997
NET INCOME PER SHARE					
As previously recorded				\$ 1.72	\$ 1.40
As combined				\$ 1.70	\$ 1.39

On April 14, 1998, the Company issued 278,765 shares of its common stock in exchange for all of the outstanding stock of Daniel-James Insurance Agency, Inc. ("Daniel-James"), an Ohio corporation with offices in Toledo, Ohio and Indianapolis, Indiana, and for all of the outstanding membership interests of Becky-Lou Realty

Limited ("Becky-Lou"), an Ohio limited liability company. This transaction has been accounted for as a pooling-of-interests and, accordingly, the Company's consolidated financial statements and related notes to the consolidated financial statements have been restated for all periods prior to the acquisition to include the results of operations, financial positions and cash flows of Daniel-James and Becky-Lou.

The following table reflects the 1997 individual and combined operating results of the Company, Daniel-James and Becky-Lou.

<i>(in thousands of dollars, except per share data)</i>	Audited	Unaudited		Combined
	Brown & Brown	Daniel-James	Becky-Lou	
1997				
Revenues	\$ 129,190	\$ 9,215	\$ 202	\$ 138,607
Net Income	19,386	(774)	54	18,666
				1997
NET INCOME PER SHARE				
As previously recorded				\$ 1.48
As combined				\$ 1.40

NOTE 3 ACQUISITIONS

During 1999, the Company acquired the assets of six general insurance agencies, several books of business (customer accounts) and the outstanding stock of two general insurance agencies at an aggregate cost of \$19,612,000, including \$18,154,000 of net cash payments and the issuance of notes payable in the amount of \$1,458,000. Each of these acquisitions was accounted for as a purchase, and substantially the entire cost was assigned to purchased customer accounts, non-compete agreements and goodwill. The results of operations for the acquired companies have been combined with those of the Company since their respective acquisition dates. Due to the aggregate immaterial nature of these transactions, 1999 pro forma disclosure is not presented.

During 1998, the Company acquired the assets of 19 general insurance agencies, several books of business and the outstanding shares of one general insurance agency at an aggregate cost of \$34,599,000, including \$29,608,000 of net cash payments and the issuance of notes payable in the aggregate amount of \$4,991,000. These acquisitions were accounted for as purchases and substantially the entire cost was assigned to purchased customer accounts, non-compete agreements and goodwill.

The results of operations for the acquisitions completed during 1998 have been combined with those of the Company since their respective acquisition dates. If the acquisitions had occurred at the beginning of the years presented, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

<i>(in thousands, except per share data)</i>	Unaudited	
	<i>Year Ended December 31,</i>	
	1998	1997
Total revenues	\$ 167,700	\$ 166,577
Income before taxes	38,832	33,192
Net income	23,876	20,335
Earnings per share	\$ 1.74	\$ 1.49

During 1997, the Company acquired four general insurance agencies and several books of business, all of which were accounted for as purchases. The total cost of these acquisitions was \$5,439,000, including \$3,072,000 of cash payments and notes payable of \$2,367,000. The total purchase price was assigned to purchased customer accounts, non-compete agreements and goodwill. The results of operations for the acquired companies have been combined with those of the Company since their respective acquisition dates.

Additional or return consideration resulting from acquisition contingency provisions is recorded as an adjustment to intangibles when the contingency is settled. Payments of this nature totaling \$1,611,000, \$1,536,000 and \$154,000 were made in 1999, 1998 and 1997, respectively. As of December 31, 1999, the maximum future contingency payments related to acquisitions totaled \$4,977,000.

NOTE 4 INVESTMENTS

Investments at December 31 consisted of the following:

	1999	
	Carrying Value	
	Current	Non-Current
<i>(in thousands)</i>		
Available-for-sale marketable equity securities	\$ 197	\$ 9,449
Nonmarketable equity securities and certificates of deposit	284	—
Total investments	\$ 481	\$ 9,449
	1998	
	Carrying Value	
	Current	Non-Current
<i>(in thousands)</i>		
Available-for-sale marketable equity securities	\$ 235	\$ 10,503
Nonmarketable equity securities and certificates of deposit	570	—
Total investments	\$ 805	\$ 10,503

The following summarizes available-for-sale securities at December 31:

<i>(in thousands)</i>	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MARKETABLE EQUITY SECURITIES:				
1999	\$ 1,576	\$ 8,095	\$ 25	\$ 9,646
1998	\$ 1,655	\$ 9,093	\$ 10	\$ 10,738

In 1999, proceeds from sales of available-for-sale securities totaled \$627,000, resulting in gross realized gains of approximately \$138,000. Proceeds from sales of available-for-sale securities totaled \$1,030,000 in 1998, resulting in gross realized gains of approximately \$165,000. In 1997, proceeds from sales of available-for-sale securities totaled \$557,000, resulting in gross realized gains and losses of approximately \$349,000 and (\$23,000), respectively.

Cash and cash equivalents, investments, premiums and commissions receivable, premiums payable to insurance companies, premium deposits and credits due customers, accounts payable and accrued expenses, and current and long-term debt are considered financial instruments. The carrying amount for each of these items at both December 31, 1999 and 1998 approximates its fair value.

NOTE 5 FIXED ASSETS

Fixed assets at December 31 consisted of the following:

<i>(in thousands)</i>	1999	1998
Furniture, fixtures and equipment	\$ 32,661	\$ 31,003
Land, buildings and improvements	2,092	1,361
Leasehold improvements	1,755	1,418
	\$ 36,508	\$ 33,782
Less accumulated depreciation and amortization	22,171	20,005
	\$ 14,337	\$ 13,777

Depreciation expense amounted to \$4,152,000 in 1999, \$3,565,000 in 1998 and \$3,190,000 in 1997.

NOTE 6 INTANGIBLES

Intangibles at December 31 consisted of the following:

<i>(in thousands)</i>	1999	1998
Purchased customer accounts	\$ 87,955	\$ 74,620
Non-compete agreements	21,653	19,111
Goodwill	32,312	28,577
Acquisition costs	1,705	1,552
	143,625	123,860
Less accumulated amortization	51,812	44,156
	\$ 91,813	\$ 79,704

Amortization expense amounted to \$7,657,000 in 1999, \$5,853,000 in 1998 and \$5,640,000 in 1997.

NOTE 7 LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

<i>(in thousands)</i>	1999	1998
Long-term credit agreement	\$ 4,000	\$ 4,000
Revolving credit facility	—	12,000
Notes payable from treasury stock purchases	395	647
Acquisition notes payable	2,372	5,520
Other notes payable	690	171
	7,457	22,338
Less current portion	3,548	4,960
Long-term debt	\$ 3,909	\$ 17,378

In 1991, the Company entered into a long-term credit agreement with a major insurance company that provided for borrowings at an interest rate equal to the prime rate plus 1% (9.50% at December 31, 1999). At December 31, 1999, \$4 million (the maximum amount currently available for borrowings) was outstanding. In accordance with an August 1, 1998 amendment to the loan agreement, the outstanding balance will be repaid in

annual installments of \$1 million each August beginning in 2000. This credit agreement requires the Company to maintain certain financial ratios and comply with certain other covenants.

The Company also has a revolving credit facility with a national banking institution that provides for available borrowings of up to \$50 million, with a maturity date of October 2000. On borrowings of up to \$8 million, the outstanding balance is adjusted daily based upon cash flows from operations. The interest rate on this portion of the facility is equal to the prime rate less 1% (7.50% at December 31, 1999). On borrowings in excess of \$8 million, the interest rate on this portion of the facility is LIBOR plus 0.45% to 1.25%, depending on certain financial ratios that are calculated on a quarterly basis. A commitment fee of 0.125% per annum is assessed on the unused balance. At December 31, 1999, there were no borrowings against the facility; at December 31, 1998, \$12 million was outstanding.

Treasury stock notes payable are due to various individuals for the redemption of Brown & Brown, Inc. stock. These notes bear no interest and have maturities ranging from calendar years ending 2000 and 2001. These notes have been discounted at an effective yield of 8.50% for presentation in the consolidated financial statements.

Acquisition notes payable represent debt incurred to former owners of certain agencies acquired in 1999, 1998 and 1997. These notes, including future contingent payments, are payable in monthly and annual installments through 2002, including interest of 6%.

Maturities of long-term debt for succeeding years are \$3,548,000 in 2000, \$1,283,000 in 2001, \$1,049,000 in 2002, \$1,053,000 in 2003 and \$524,000 in 2004 and beyond.

NOTE 8 INCOME TAXES

At December 31, 1999, the Company had a net operating loss carryforward of \$302,000 for income tax reporting purposes, portions of which expire in the years 2000 through 2013. This carryforward was derived from an agency acquired by the Company in 1998. For financial reporting purposes, a valuation allowance of \$38,000 has been recognized to offset the deferred tax asset related to this carryforward.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31 are as follows:

<i>(in thousands)</i>	1999	1998
Deferred tax liabilities:		
Fixed assets	\$ 1,087	\$ 1,228
Net unrealized appreciation of available-for-sale securities	3,147	3,542
Installment sales	—	2
Prepaid insurance and pension	721	771
Intangible assets	237	208
Total deferred tax liabilities	\$ 5,192	\$ 5,751
Deferred tax assets:		
Deferred compensation	\$ 2,249	\$ 1,926
Accruals and reserves	954	1,010
Net operating loss carryforwards	179	179
Other	270	271
Valuation allowance for deferred tax assets	(38)	(38)
Total deferred tax assets	\$ 3,614	\$ 3,348
Net deferred tax liabilities	\$ 1,578	\$ 2,403

Significant components of the provision (benefit) for income taxes are as follows:

<i>(in thousands)</i>	1999	1998	1997
Current:			
Federal	\$ 15,015	\$ 12,367	\$ 10,534
State	2,451	1,955	1,730
Total current provision	\$ 17,466	\$ 14,322	\$ 12,264
Deferred:			
Federal	(386)	267	(228)
State	(44)	31	(40)
Total deferred (benefit) provision	(430)	298	(268)
Total tax provision	\$ 17,036	\$ 14,620	\$ 11,996

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate is as follows:

	1999	1998	1997
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal income tax benefit	3.6	3.4	3.7
Interest exempt from taxation and dividend exclusion	(0.3)	(0.2)	(0.8)
Non-deductible goodwill amortization	0.4	0.4	0.4
Other, net	(0.2)	(0.1)	0.4
Effective tax rate	38.5 %	38.5 %	38.7 %

Income taxes payable were \$2,464,000 and \$1,463,000 at December 31, 1999 and December 31, 1998, respectively, and are reported as a component of accounts payable and accrued expenses.

NOTE 9 EMPLOYEE BENEFIT PLAN

The Company has an Employee Savings Plan (401(k)) under which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, the Company makes matching contributions, subject to a maximum of 2.5% of each participant's salary. Further, the Company provides for a discretionary profit sharing contribution for all eligible employees. The Company's contributions to the plan totaled \$2,400,000 in 1999, \$2,174,000 in 1998 and \$1,876,000 in 1997.

NOTE 10 STOCK-BASED COMPENSATION AND INCENTIVE PLANS

Employee Stock Purchase Plan

The Company has adopted an employee stock purchase plan ("the Stock Purchase Plan"), which allows for substantially all employees to subscribe to purchase shares of the Company's stock at 85% of the lesser of the market value of such shares at the beginning or end of each annual subscription period. Of the 750,000 shares authorized for issuance under the Stock Purchase Plan as of December 31, 1999, 332,606 shares remained available and reserved for future issuance.

The Company accounts for the Stock Purchase Plan under Accounting Principles Board (APB) No. 25, "Accounting for Stocks Issued to Employees," under which no compensation expense has been recognized. Had compensation expense for the Stock Purchase Plan been determined consistent with SFAS 123, "Accounting for Stock-Based Compensation," it would have had an immaterial effect on the Company's net income and earnings per share for the years ended December 31, 1999, 1998 and 1997.

Stock Performance Plan

The Company has adopted a stock performance plan, under which up to 900,000 shares of the Company's stock ("Performance Stock") may be granted to key employees contingent on the employees' years of service with the Company and other criteria established by the Company's Compensation Committee. Shares must be vested before participants take full title to Performance Stock. Of the grants currently outstanding, specified portions will satisfy the first condition for vesting based on increases in the market value of the Company's common stock from the initial price specified by the Company. Awards satisfy the second condition for vesting on the earlier of: (i) 15 years of continuous employment with the Company from the date shares are granted to the participant; (ii) attainment of age 64; or (iii) death or disability of the participant. Dividends are paid on unvested Performance Stock that has satisfied the first vesting condition, and participants may exercise voting privileges on such shares. At December 31, 1999, 596,482 shares had been granted under the plan at initial stock prices ranging from \$15.17 to \$34.00. As of December 31, 1999, 331,050 shares had met the first condition for vesting; 4,800 shares had satisfied both conditions for vesting and were subsequently distributed to the participants.

The compensation element for Performance Stock is equal to the fair market value of the shares at the date the first vesting condition is satisfied and is expensed over the remaining vesting period. Compensation expense related to this Plan totaled \$1,263,000 in 1999, \$732,000 in 1998 and \$175,000 in 1997.

NOTE 11 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The Company's significant non-cash investing and financing activities and cash payments for interest and income taxes are as follows:

<i>(in thousands)</i>	<i>Year Ended December 31,</i>		
	1999	1998	1997
Unrealized (depreciation) appreciation of available-for-sale securities net of tax benefit (expense) of \$395 for 1999, \$770 for 1998 and (\$149) for 1997	\$ (618)	\$ (1,204)	\$ 233
Notes payable issued for purchased customer accounts	1,458	4,991	2,367
Notes received on the sale of fixed assets and customer accounts	1,305	1,249	187
Cash paid during the year for:			
Interest	730	863	738
Income taxes	16,535	14,112	11,211

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Company leases facilities and certain items of office equipment under noncancelable operating lease arrangements expiring on various dates through 2009. The facility leases generally contain renewal options and escalation clauses based on increases in the lessors' operating expenses and other charges. The Company anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 1999, the aggregate future minimum lease payments under all noncancelable lease agreements were as follows:

<i>Year Ending December 31,</i>	<i>(in thousands)</i>
2000	\$ 6,128
2001	5,661
2002	5,662
2003	5,028
2004	3,556
Thereafter	4,544
Total minimum future lease payments	\$ 30,579

Rental expense in 1999, 1998 and 1997 for operating leases totaled \$6,314,000, \$5,705,000 and \$5,449,000, respectively.

The Company is not a party to any legal proceedings other than various claims and lawsuits arising in the normal course of business. Management of the Company does not believe that any such claims or lawsuits will have a material effect on the Company's financial condition or results of operations.

NOTE 13 BUSINESS CONCENTRATIONS

Substantially all of the Company's premiums receivable from customers and premiums payable to insurance companies arise from policies sold on behalf of insurance companies. The Company, as broker and agent, typically collects premiums, retains its commission and remits the balance to the insurance companies. A significant portion of business written by the Company is for customers located in Florida. Accordingly, the occurrence of adverse economic conditions or an adverse regulatory climate in Florida could have a material adverse effect on the Company's business, although no such conditions have been encountered in the past.

For the years ended December 31, 1999, 1998 and 1997, approximately 14%, 17% and 20%, respectively, of the Company's revenues were from insurance policies underwritten by one insurance company. Should this carrier seek to terminate its arrangement with the Company, the Company believes other insurance companies are available to underwrite the business, although some additional expense and loss of market share could possibly result. No other insurance company accounts for as much as five percent of the Company's revenues.

NOTE 14 SEGMENT INFORMATION

The Company's business is divided into four divisions: the Retail Division, which markets and sells a broad range of insurance products to commercial, professional and individual clients; the National Programs Division, which develops and administers property and casualty insurance and employee benefits coverage solutions for both professional and commercial groups and trade associations nationwide; the Service Division, which provides insurance-related services such as third-party administration and consultation for workers' compensation and employee benefit self-insurance markets; and the Brokerage Division, which markets and sells excess and surplus commercial insurance primarily through non-affiliated independent agents and brokers. The Company conducts all of its operations in the United States of America.

The accounting policies of the reportable segments are the same as those described in Note 1 of Notes to Consolidated Financial Statements. The Company evaluates the performance of its segments based upon revenues and income before income taxes. Intersegment revenues are not significant.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The "Other" column includes corporate-related items and, as it relates to segment profit, income and expense not allocated to reportable segments.

<i>(in thousands)</i>	Retail	Programs	Service	Brokerage	Other	Total
<i>Year Ended December 31, 1999:</i>						
Total Revenues	\$ 123,527	\$ 23,822	\$ 14,936	\$ 15,231	\$ (1,103)	\$ 176,413
Investment income	1,856	1,187	221	355	(1,059)	2,560
Interest expense	1,136	—	—	—	(452)	684
Depreciation and amortization	8,686	1,518	384	966	255	11,809
Income (loss) before income taxes	26,478	7,493	2,475	5,533	2,229	44,208
Total assets	151,226	56,908	6,172	32,362	(11,505)	235,163
Capital expenditures	2,799	504	346	193	1,094	4,936
<i>Year Ended December 31, 1998:</i>						
Total Revenues	\$ 105,504	\$ 26,737	\$ 14,025	\$ 13,611	\$ (930)	\$ 158,947
Investment income	1,689	1,684	207	358	(613)	3,325
Interest expense	844	—	—	12	(287)	569
Depreciation and amortization	6,512	1,452	319	925	210	9,418
Income (loss) before income taxes	21,795	9,515	2,496	4,888	(725)	37,969
Total assets	127,532	59,686	5,421	29,850	9,640	232,129
Capital expenditures	3,227	666	383	223	61	4,560
<i>Year Ended December 31, 1997:</i>						
Total Revenues	\$ 89,929	\$ 26,821	\$ 12,333	\$ 13,440	\$ 978	\$ 143,501
Investment income	1,293	1,904	183	421	440	4,241
Interest expense	124	—	—	313	537	974
Depreciation and amortization	5,632	1,203	335	783	877	8,830
Income (loss) before income taxes	15,523	9,657	1,964	4,783	(943)	30,984
Total assets	113,883	58,505	4,178	29,470	65	206,101
Capital expenditures	1,789	563	259	283	21	2,915

Revenue from insurance policies underwritten by one insurance company represents approximately \$24 million of the Company's consolidated revenues. All of the reported segments derive revenue from this insurance company.

Report of Independent Certified Public Accountants

TO BROWN & BROWN, INC.

We have audited the accompanying consolidated balance sheets of Brown & Brown, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brown & Brown, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Orlando, Florida
January 19, 2000

Arthur Andersen LLP

TO THE SHAREHOLDERS OF BROWN & BROWN, INC.

Management of Brown & Brown, Inc. has the responsibility for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements, which include amounts that are based on management's best estimates and judgments, given current conditions and circumstances, have been prepared in conformity with generally accepted accounting principles and are free of material misstatement. Management also prepared the additional information contained in this Annual Report and is responsible for its accuracy and consistency with the consolidated financial statements.

Management of Brown & Brown, Inc. has developed and maintains a system of internal control over the preparation of its published annual and interim financial statements which is designed to provide reasonable assurance that the Company's assets are safeguarded and protected from improper use. The system is constantly monitored, revised and improved to meet changing business conditions, company growth and recommendations made by the independent auditors.

Management has assessed the Company's system of internal control over the preparation of its published annual and interim financial statements. Based on this assessment, it is management's opinion that the Company's system of internal control as of December 31, 1999 is effective in providing reasonable assurance that its published annual and interim financial statements are free of material misstatement.

The Audit Committee of the Company's Board of Directors is composed of the non-employee directors and is responsible for approving the selection of the Company's independent certified public accountants. The Audit Committee meets periodically with the Company's internal auditors and independent auditors, as well as with management, to review accounting, auditing, internal control and financial reporting matters. The internal auditors have private and confidential access to the Audit Committee.



J. Hyatt Brown
Chairman, President &
Chief Executive Officer



Jeffrey R. Paro
Vice President, Treasurer &
Chief Financial Officer

Quarterly Financial Information (Unaudited)⁽¹⁾

<i>(in thousands, except per share data)</i>	Revenues	Net Income		Cash Dividend Per Share	Stock Price Range	
		Amount	Per Share		High	Low
1999						
First Quarter	\$ 45,534	\$ 7,363	\$.53	\$.1100	\$ 38.44	\$ 29.31
Second Quarter	43,561	5,702	.41	.1100	38.00	30.38
Third Quarter	43,975	7,023	.51	.1100	39.44	33.19
Fourth Quarter	43,343	7,084	.52	.1300	40.63	30.75
	\$ 176,413	\$ 27,172	\$ 1.98	\$.4600		
1998						
First Quarter	\$ 37,829	\$ 6,194	\$.46	\$.1000	\$ 38.50	\$ 28.75
Second Quarter	40,334	4,947	.36	.1000	39.38	32.00
Third Quarter	40,121	6,078	.44	.1000	42.50	35.00
Fourth Quarter	40,663	6,130	.45	.1100	39.00	32.63
	\$ 158,947	\$ 23,349	\$ 1.70	\$.4100		
1997						
First Quarter	\$ 37,560	\$ 5,405	\$.40	\$.0867	\$ 18.17	\$ 17.00
Second Quarter	36,116	4,322	.32	.0867	24.67	17.00
Third Quarter	35,396	4,816	.35	.0866	27.50	23.83
Fourth Quarter	34,429	4,445	.32	.0933	31.33	26.67
	\$ 143,501	\$ 18,988	\$ 1.39	\$.3533		

(1) Quarterly financial information is affected by seasonal variations. The timing of contingent commissions, policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly between quarters.

Six-Year Statistical Summary

(in thousands, except per share data and Other Information)

Year Ended December 31,

	1999	1998	1997	1996	1995	1994
REVENUES						
Commissions & fees	\$ 172,546	\$ 155,577	\$ 138,112	\$ 128,147	\$ 115,046	\$ 108,612
Investment income	2,560	3,325	4,241	3,400	3,937	5,237
Other income	1,307	45	1,148	1,260	806	676
Total Revenues	176,413	158,947	143,501	132,807	119,789	114,525
EXPENSES						
Compensation and benefits	90,440	82,004	74,931	69,457	63,828	60,556
Other operating expenses	33,424	32,552	30,972	29,102	26,430	26,255
Amortization expense	7,657	5,853	5,640	5,206	4,613	4,768
Interest expense	684	569	974	976	946	1,490
Total expenses	132,205	120,978	112,517	104,741	95,817	93,069
Income before income taxes and loss from discontinued operations	44,208	37,969	30,984	28,066	23,972	21,456
Income Taxes	17,036	14,620	11,996	10,675	8,570	7,129
Net Income	\$ 27,172	\$ 23,349	\$ 18,988	\$ 17,391	\$ 15,402	\$ 14,327
EARNINGS PER SHARE INFORMATION						
Net income per share	\$ 1.98	\$ 1.70	\$ 1.39	\$ 1.28	\$ 1.13	\$ 1.06
Weighted average number of shares outstanding	13,736	13,704	13,639	13,576	13,600	13,557
Dividends paid per share	\$ 0.4600	\$ 0.4100	\$ 0.3533	\$ 0.3267	\$ 0.3200	\$ 0.2800
YEAR-END FINANCIAL POSITION						
Working capital	\$ (6,577)	\$ 2,400	\$ 12,128	\$ 2,680	\$ 8,112	\$ 4,914
Intangible assets, net	\$ 91,813	\$ 79,704	\$ 51,067	\$ 51,663	\$ 38,028	\$ 34,824
Total assets	\$ 235,163	\$ 232,129	\$ 206,101	\$ 189,646	\$ 161,747	\$ 152,179
Long-term debt	\$ 3,909	\$ 17,378	\$ 6,452	\$ 5,485	\$ 7,615	\$ 8,315
Shareholders' equity	\$ 103,026	\$ 83,680	\$ 76,240	\$ 67,378	\$ 54,604	\$ 44,615
Total shares outstanding (excluding treasury shares)	13,720	13,770	13,659	13,536	13,575	13,504
OTHER INFORMATION						
Number of full-time equivalent employees	1,370	1,417	1,223	1,218	1,180	1,139
Revenue per average no. of employees	\$ 126,597	\$ 120,414	\$ 117,576	\$ 110,765	\$ 103,311	\$ 100,022
Book value per share	\$ 7.51	\$ 6.08	\$ 5.58	\$ 4.98	\$ 4.02	\$ 3.30
Stock price at year end (closing price)	\$ 38.31	\$ 34.94	\$ 29.75	\$ 17.67	\$ 16.59	\$ 14.50
Stock price earnings multiple	19.37	20.51	21.37	13.79	14.65	13.72
Return on beginning shareholders' equity	32%	31%	28%	32%	35%	52%

Note: Prior years have been restated to reflect the acquisitions of Insurance West in 1995, Daniel-James Insurance in 1998 and Amphor-Ross and Signature Insurance Group in 1999. All share and per-share information has been adjusted to give effect to the 3-for-2 common stock split, which became effective February 27, 1998.

Shareholder Information

Brown & Brown, Inc.

CORPORATE OFFICES

220 South Ridgewood Avenue
Daytona Beach, Florida 32114
(904) 252-9601

401 East Jackson Street, Suite 1700
Tampa, Florida 33602
(813) 223-4101

OUTSIDE COUNSEL

Cobb Cole & Bell
150 Magnolia Avenue
Daytona Beach, Florida 32115

Holland & Knight
400 North Ashley Street
Tampa, Florida 33602

CORPORATE INFORMATION AND SHAREHOLDER SERVICES

In addition to this report, Brown & Brown, Inc.'s annual report to the Securities and Exchange Commission (Form 10-K) may be obtained without charge by writing to the Corporate Secretary, Brown & Brown, Inc., P.O. Box 1348, Tampa, Florida 33601. A reasonable charge will be made for copies of the exhibits to the Form 10-K.

ANNUAL MEETING

The Annual Meeting of Shareholders of Brown & Brown, Inc. will be held on April 21, 2000 at 9:00 a.m. at the Hilton Daytona Beach Oceanfront Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118.

TRANSFER AGENT AND REGISTRAR

First Union National Bank of North Carolina
1525 West W.T. Harris Boulevard
Charlotte, North Carolina 28288

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Arthur Andersen LLP
200 South Orange Avenue
Suite 2100
Orlando, Florida 32801

STOCK LISTING

The New York Stock Exchange Symbol: BRO
Approximate number of shareholders of record as of March 3, 2000 was 721. Closing price per share on that date was \$32.94.

ADDITIONAL INFORMATION

Information concerning the services of Brown & Brown, Inc., as well as access to current financial releases, is available on the Internet through our site on the World Wide Web. Brown & Brown's address is www.brown-n-brown.com. Financial information is also available through PR NewsWire at: www.prnewswire.com/cnoc/exec/menu?707550 or through its toll-free fax-on-demand service at (800) 758-5804, extension 707550, 24 hours a day, seven days a week.