

Brown & Brown, Inc. Second Quarter Results Again Set Record Levels for Revenues and Income

July 13, 2004

DAYTONA BEACH, Fla., and TAMPA, Fla., July 12 /PRNewswire-FirstCall/ -- Brown & Brown, Inc. (NYSE: BRO) announced net income for the second quarter of 2004 of \$32,153,000, or \$0.46 per share, an increase of 15.1% over the \$27,935,000, or \$0.41 per share, reported for the quarter ended June 30, 2003. Total revenue for the quarter ended June 30, 2004 was \$157,942,000 compared with 2003 second-quarter revenue of \$137,858,000 an increase of 14.6%.

Total revenue for the six months ended June 30, 2004 was \$323,507,000, compared with first-half 2003 revenue of \$282,594,000, up 14.5%. Net income for the first six months of 2004 was \$68,501,000 versus \$58,471,000 during the same period in 2003, an increase of 17.2%. Net income per share for the six months ended June 30, 2004 was \$0.99, versus the \$0.85 per share posted during the comparable 2003 period, an increase of 16.5%.

J. Hyatt Brown, Chairman and CEO, commenting on the results said, "We are very pleased with our second quarter results. The internal growth rate of 5.1% exceeded our expectations, particularly in view of continued rate erosion; which was possibly offset by increases in exposure units. Brown & Brown's high quality sustained growth continues to be recognized by investors as our market capitalization recently crossed the \$3 billion level."

President and Chief Operating Officer, Jim W. Henderson added, "We continue our steady march to our intermediate goal of B-40. We have been assisted in this march by the addition of many fine, high quality, insurance agencies that have joined our team during the second quarter of 2004. Since April 1, 2004, we have completed ten acquisitions with estimated annual revenues of \$38 million, bringing the total for the year to 21 with \$86 million of estimated annual revenues. Among those most recently joining us is The McDuffee Insurance Agency, which represented our initial entry into New Hampshire and Massachusetts. We continue to be quite pleased with the active pipeline of high-quality agencies."

Brown & Brown, Inc. and its subsidiaries offer a broad range of insurance and reinsurance products and services, as well as risk management, employee benefit administration, and managed health care programs. Providing service to business, public entity, individual, trade and professional association clients nationwide, the Company is ranked by Business Insurance magazine as the United States' sixth largest independent insurance intermediary. Our Web address is http://www.bbinsurance.com.

This press release may contain certain statements relating to future results which are forward-looking statements. These statements are not historical facts, but instead represent only the Company's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Further information concerning the Company and its business, including factors that potentially could materially affect the Company's financial results, are contained in the Company's filings with the Securities and Exchange Commission. Some factors include: general economic conditions around the country; downward commercial property and casualty premium pressures; the competitive environment; the integration of the Company's operations with those of businesses or assets the Company has acquired or may acquire in the future and the failure to realize the expected benefits of such integration; the potential occurrence of a disaster that affects certain areas of the States of Arizona, California, Florida, New Jersey, New York and/or Washington, where significant portions of the Company's business are concentrated; the actual costs of resolution of contingent liabilities; and those factors relevant to Brown & Brown's consummation and integration of announced acquisitions, including any matters analyzed in the due diligence process, material adverse changes in the customers of the companies whose operations are acquired, and material adverse changes in the business and financial condition of either or both companies and their respective customers. All forward-looking statements included in this press release are made only as of the date of this press release, and we do not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances t

Brown & Brown, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

For the For the
Three Months Ended Six Months Ended
June 30 June 30
2004 2003 2004 2003

REVENUES

Commissions and fees \$156,749 \$137,257 \$321,063 \$281,509

 Investment income
 333
 442
 1,021
 775

 Other income, net
 860
 159
 1,423
 310

 Total revenues
 157,942
 137,858
 323,507
 282,594

EXPENSES

Employee compensation and benefits 76,270 66,092 152,552 134,333

Non-cash stock grant compensation 665 632 1,510 1,449 Other operating expenses 19,983 19,229 41,379 38,635

Amortization 5,483 4,416 10,300 8,753
Depreciation 2,269 2,019 4,423 3,946
Interest 743 946 1,454 1,953

Total expenses 105,413 93,334 211,618 189,069

Income before income taxes 52,529 44,524 111,889 93,525

Income taxes 20,376 16,589 43,388 35,054

Net income \$32,153 \$27,935 \$68,501 \$58,471

Net income per share:

Basic \$0.47 \$0.41 \$1.00 \$0.86 Diluted \$0.46 \$0.41 \$0.99 \$0.85

Weighted average number of shares

outstanding:

Basic 68,790 68,270 68,736 68,222 Diluted 69,370 68,943 69,283 68,927

Brown & Brown, Inc.
INTERNAL GROWTH SCHEDULE
Core Commissions and Fees(1)
Three Months Ended June 30, 2004
(in thousands)
(unaudited)

Quarter Quarter Total Total Less Internal Ended Ended Net Net Acquisition Net 6/30/04 6/30/03 Change Growth% Revenues Growth%

Florida Retail \$36,032 \$34,762 \$1,270 3.7% \$ - 3.7% National Retail 47,508 33,673 13,835 41.1% 13,815 0.1% Western Retail 29,146 24,212 4,934 20.4% 2,581 9.7% Total Retail 112,686 92,647 20,039 21.6% 16,396 3.9%

Professional Programs 10,087 8,885 1,202 13.5% 849 4.0% Special Programs 14,659 9,540 5,119 53.7% 4,997 1.3% Total Programs 24,746 18,425 6,321 34.3% 5,846 2.6%

Brokerage 8,270 6,351 1,919 30.2% 895 16.1%

TPA Services 6,086 4,952 1,134 22.9% - 22.9%

Total Core Commissions

and Fees (1) \$151,788 \$122,375 \$29,413 24.0% \$23,137 5.1%

Reconciliation of Internal Growth Schedule to Total Commissions and Fees Included in the Consolidated Statements of Income for the Three Months Ended June 30, 2004 and 2003 (in thousands) (unaudited)

> Quarter Quarter Ended Ended 6/30/04 6/30/03

Total core commissions and fees(1) \$151,788 \$122,375

Contingent commissions 3,522 10,202 Divested business 1,439 4,680

Total Commission & Fees \$156,749 \$137,257

(1) Total core commissions and fees are our total commissions and fees less (i) contingent commissions (revenue derived from special revenue-sharing commissions from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year), and (ii) divested business (commissions and fees generated from offices, books of business or niches sold by the Company or terminated).

Brown & Brown, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands)

(Unaudited)

June 30, December 31, 2004 2003

ASSETS

Current assets:

Cash and cash equivalents \$36,384 \$56,926 Restricted cash 133,194 116,543

Short-term investments 386 382

Premiums, commissions and fees receivable 146,669 146,672

 Other current assets
 17,833
 22,943

 Total current assets
 334,466
 343,466

Fixed assets, net 32,990 32,396 Goodwill, net 300,732 237,753

Amortizable intangible assets, net 308,361 232,934

 Investments
 10,353
 10,845

 Other assets
 7,197
 8,460

 Total assets
 \$994,099
 \$865,854

LIABILITIES

Current liabilities:

Premiums payable to insurance companies \$216,788 \$199,628 Premium deposits and credits due customers 23,769 22,223

Accounts payable 20,163 11,282
Accrued expenses 38,474 49,691
Current portion of long-term debt 68,455 18,692
Total current liabilities 367,649 301,516

Long-term debt 34,313 41,107

Deferred income taxes, net 17,176 15,018

Other liabilities 9,063 10,178

SHAREHOLDERS' EQUITY

Common stock, par value \$0.10 per share; authorized 280,000 shares; issued and

outstanding, 68,808 at 2004 and 68,561 at 6,881 6,856

2003

 Additional paid-in capital
 178,577
 170,130

 Retained earnings
 375,695
 316,822

Accumulated other comprehensive income 4,745 4,227

Total shareholders' equity 565,898 498,035

Total liabilities and shareholders' equity \$994,099 \$865,854

SOURCE Brown & Brown, Inc.

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