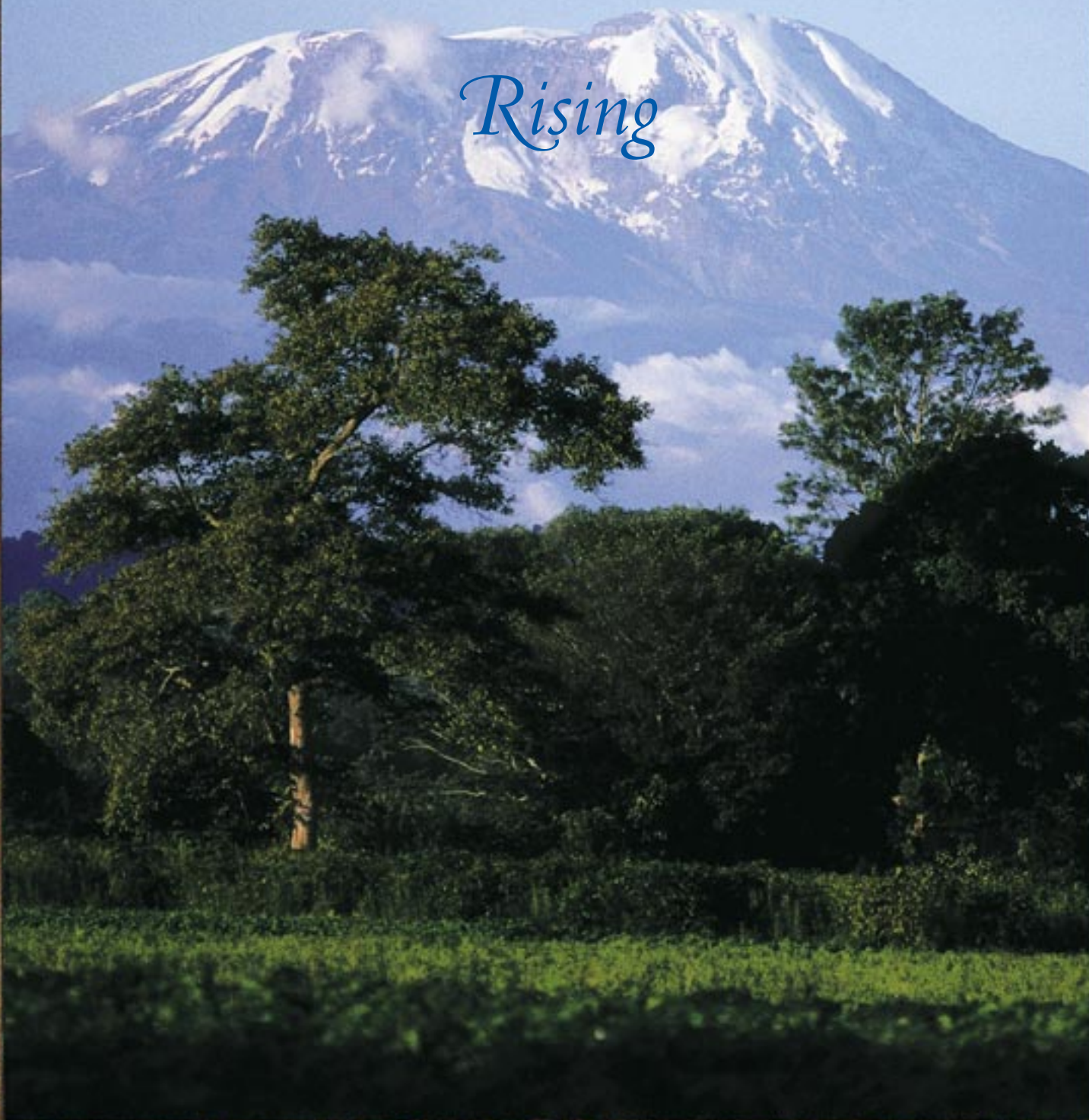


BROWN & BROWN

2000 Annual Report

Rising



BUSINESS DESCRIPTION

Brown & Brown® is an independent insurance intermediary organization that provides a variety of insurance products and services to corporate, institutional, professional and individual clients. Headquartered in Daytona Beach and Tampa, Florida, offices are located across the United States, with products and services offered through four major business divisions.

BROKERAGE DIVISION

The Brokerage Division markets and sells excess and surplus commercial insurance, as well as niche program products, primarily through independent agents and brokers.

Office locations:

- **Florida:** Altamonte Springs, Davie, Daytona Beach, Ft. Lauderdale, Miami Lakes, Orlando, St. Petersburg
- **Georgia:** Atlanta
- **Texas:** San Antonio

SERVICE DIVISION

The Service Division provides insurance-related services, including third-party administration, consulting for workers' compensation and employee benefit self-insurance and managed health care services.

Office locations:

- **Florida:** Daytona Beach, Orlando
- **Louisiana:** Lafayette

NATIONAL PROGRAMS DIVISION

The National Programs Division is split into two distinct units. The National Professional Programs Division provides professional liability and related package products for niche professions, delivered through nationwide networks of independent agents. The National Commercial Programs Division markets specially designed commercial and industry group insurance programs through a select independent agent network.

Office locations:

- Professional Programs:** Tampa, Florida
- Commercial Programs:** Tampa, Florida

RETAIL DIVISION

The Retail Division provides a broad range of insurance products and services to commercial, governmental, professional and individual clients.

Office locations:

- **Arizona:** Phoenix, Prescott, Tucson
- **California:** Oakland, Thousand Oaks
- **Colorado:** Colorado Springs, Denver, Ft. Collins, Longmont, Steamboat Springs
- **Florida:** Altamonte Springs, Brooksville, Davie, Daytona Beach, Ft. Lauderdale, Ft. Myers, Ft. Pierce, Jacksonville, Leesburg, Melbourne, Miami, Monticello, Naples, Ocala, Orlando, Panama City, Pensacola, Perry, Port Charlotte, Sarasota, St. Petersburg, Tallahassee, Tampa, Titusville, West Palm Beach, Winter Haven
- **Georgia:** Atlanta, Canton, Rome
- **Indiana:** Indianapolis
- **Iowa:** Des Moines
- **Louisiana:** Abbeville, Breaux Bridge, Eunice, Lafayette, New Iberia, Opelousas, Ruston
- **Michigan:** Flint, Jackson
- **Minnesota:** Albert Lea, Austin, Duluth, East Grand Forks, Fairmont, Mankato, New Ulm, St. Cloud
- **Nevada:** Las Vegas
- **New Jersey:** Clark, Washington
- **New Mexico:** Albuquerque, Roswell, Taos
- **New York:** Albany, Avon, Buffalo, Dansville, Endicott, Geneva, Hornell, Ithaca, Jamestown, Lockport, Naples, Penn Yan, Rochester, Rome, Sodus Point, Spencerport, Syracuse, Wellsville, Wolcott
- **North Dakota:** Bismarck, Fargo, Minot
- **Ohio:** Toledo
- **Pennsylvania:** Bethlehem
- **South Carolina:** Charleston, Greenville, Spartanburg, Union
- **Tennessee:** Kingsport
- **Texas:** Houston
- **Virginia:** Bristol, Norfolk, Norton, Richlands, Richmond, Roanoke, Virginia Beach, West Point
- **West Virginia:** Bluefield
- **Wisconsin:** LaCrosse
- **Wyoming:** Cheyenne

TABLE OF CONTENTS

Financial Highlights	1
Letter to Shareholders	2
Rising (A Trek to the Top)	7
Review of Operations	20
Board of Directors & Corporate Officers	22
Restatement of Financial Information	24
Index to Financials.	25
Shareholder Information	50

This Annual Report may contain certain statements relating to future results which are forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, depending on a variety of factors such as general economic conditions around the country, fluctuations in equity and fixed income markets, downward commercial property and casualty premium pressures, the competitive environment, the potential occurrence of a major natural disaster in certain areas of the States of Arizona, Florida and/or New York, 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 integration of acquisitions, including any material adverse changes in the customers of the companies whose operations have been acquired and/or any material adverse changes in the business and financial condition of Brown & Brown or acquired companies and their respective customers. 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.

FINANCIAL HIGHLIGHTS

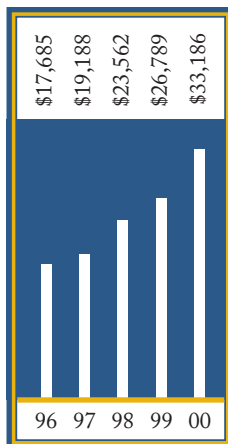
Year ended December 31,

(in thousands, except per share data) ⁽¹⁾	2000	Percent Change	1999	1998	1997	1996
Commissions and fees ⁽²⁾	\$ 204,862	11.5	\$ 183,681	\$ 167,532	\$ 149,819	\$ 139,390
Total revenues	\$ 209,706	11.3	\$ 188,391	\$ 171,485	\$ 156,200	\$ 145,200
Total expenses	\$ 155,728	7.9	\$ 144,382	\$ 132,882	\$ 124,655	\$ 116,460
Income before taxes	\$ 53,978	22.7	\$ 44,009	\$ 38,603	\$ 31,545	\$ 28,740
Net income	\$ 33,186	23.9	\$ 26,789	\$ 23,562	\$ 19,188	\$ 17,685
Net income per share	\$ 1.16	23.4	\$ 0.94	\$ 0.83	\$ 0.68	\$ 0.63
Weighted average number of shares outstanding	28,663		28,445	28,380	28,251	28,125
Dividends declared per share	\$ 0.2700		\$ 0.2300	\$ 0.2050	\$ 0.1767	\$ 0.1633
Total assets	\$ 276,719		\$ 244,423	\$ 241,196	\$ 217,604	\$ 201,004
Long-term debt	\$ 2,736		\$ 5,086	\$ 18,922	\$ 7,905	\$ 7,214
Shareholders' equity ⁽³⁾	\$ 121,911		\$ 103,005	\$ 84,117	\$ 77,006	\$ 68,255

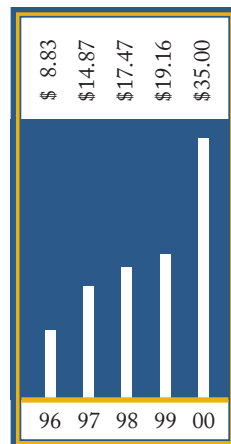
(1) All share and per-share information has been restated to give effect to the three-for-two common stock split, which became effective February 27, 1998 and the two-for-one common stock split, which became effective August 23, 2000. Each stock split was effected as a stock dividend. Prior years' results have been restated to reflect, among other acquisitions, the stock acquisitions of Daniel-James in 1998; Ampber-Ross and Signature Insurance Group in 1999; and Bowers, Schumann & Welch, The Flagship Group, WMH and Huffman & Associates, and Mangus Insurance & Bonding in 2000.

(2) See Notes 2 and 3 to consolidated financial statements for information regarding business purchase transactions which impacts the comparability of this information.

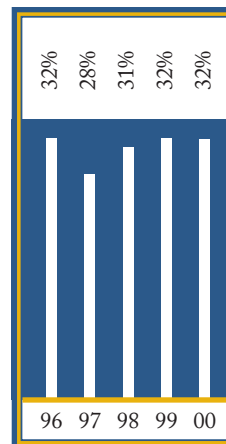
(3) Shareholders' equity as of December 31, 2000, 1999, 1998, 1997 and 1996 included net increases of \$2,495,000, \$4,922,000, \$5,540,000, \$6,744,000 and \$6,511,000, respectively, as a result of the company's application of SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities."



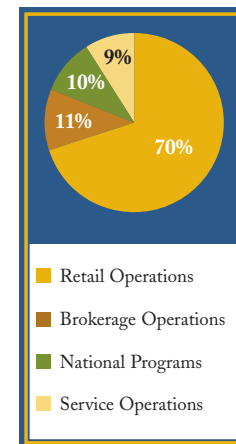
NET INCOME
(in thousands)



CLOSING STOCK
PRICE PER SHARE
(in dollars)

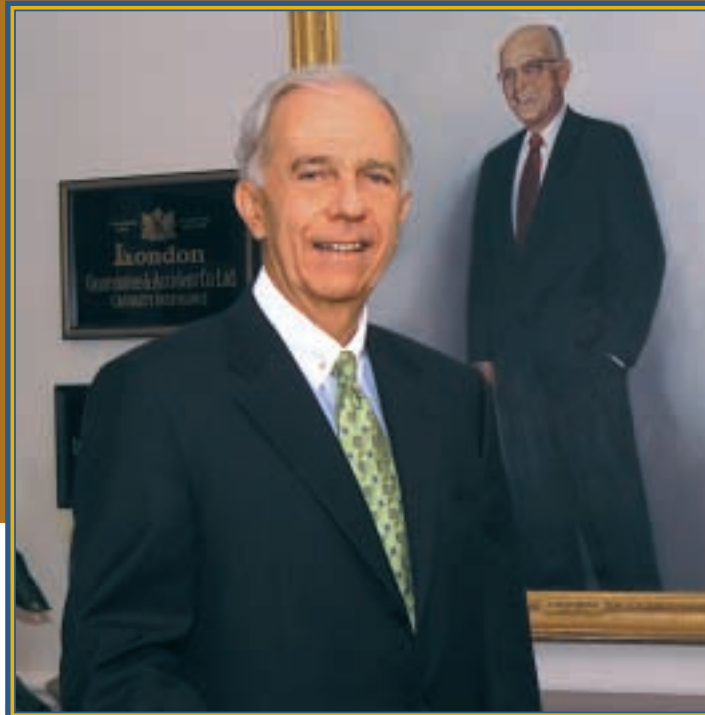


RETURN ON
BEGINNING EQUITY



2000 REVENUES BY
OPERATING DIVISION
(excluding Corporate)

A Message from Your Guide



J. HYATT BROWN, CPCU, CLU
*Chairman, President and CEO, pictured with a portrait of his father,
J. Adrian Brown, the founder of Brown & Brown Insurance.*

Year 2000 has been another record setter for Brown & Brown. *But – we expect and we are expected to set records each and every year – ad infinitum!!!* As our company continues to rise along the pathways of achievement, we are constantly looking to the past as a pattern for molding the future. What did we do right? What could we have done better or more efficiently? What lessons were learned when our results did not meet expectations at various levels?

The advantages of 40 years in the saddle as CEO of Brown & Brown, Inc. are both comforting and helpful to me in order to properly plan for the future. My father always said, “Son, there is wisdom and understanding in years” – and he was right. Looking back to 1990 offers some interesting historical comparisons:

	2000	1990
Revenues <i>(in millions)</i>	\$ 209.7	\$ 32.3
Operating profit <i>(in millions)</i>	\$ 62.5	\$ 5.8
Pre-tax <i>(in millions)</i>	\$ 53.8	\$ 3.0
Number of employees	1,614	422
Revenue per employee	\$ 135,251	\$ 76,421
Ownership	Public	Private
Market capitalization <i>(in billions)</i>	\$ 1.003	Private
Locations	11 States	Florida only

This comparison is heady wine for those of us who have “put the pedal to the metal” for the last ten years. It is also significant when viewed relative to the results of many of our peers (both large and small) for the same time period. Brown & Brown’s basic operating strategy has been the same since 1982. The year 1993 saw us combine with Poe & Associates and the advantages and additional responsibilities of public ownership (a major defining event in our history). When compared on an “original” reported basis (excluding prior year restatements of pooling-of-interests acquisitions),

we have reported record net income per share growth for each of the last 32 quarters.

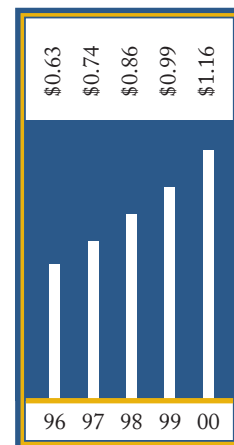
Although we are very proud of this record, we thoroughly understand the true value of this company is its ability to grow future earnings at or above market expectations – what is past is only prologue!!!

In last year’s annual report, I suggested that 2000 could be the best year in our history.

Guess what? It was. On an “original” reported basis, our revenue grew from \$176,413,000 to \$209,706,000, an increase of 19%; pre-tax income increased by \$9,770,000, a 22% increase from \$44,208,000; and, most important, net income per share grew 17% from \$.99 to \$1.16.

In September of last year, we announced our intent to combine Riedman Corporation’s insurance agency operations into Brown & Brown as of January 1, 2001. I am pleased to report that this cash-for-assets transaction was accomplished according to schedule. During our due diligence efforts, we were pleased with the quality of Riedman employees and during negotiations found the company to be as anticipated. Both John and Jim Riedman worked diligently to bring about the change in a smooth and effective manner. As we reported, in January, John Riedman was elected to the Board of Directors of Brown & Brown – we look forward to his advice and counsel. Jim Riedman will also continue with Brown & Brown as an Executive Vice President.

*The Only Constant
Is Change*



“ORIGINAL”
NET INCOME
PER SHARE
(in dollars)

As a result of the Riedman transaction (our largest such transaction to date), our annual revenues will be increased by approximately \$55 million and we expect this could add an additional six

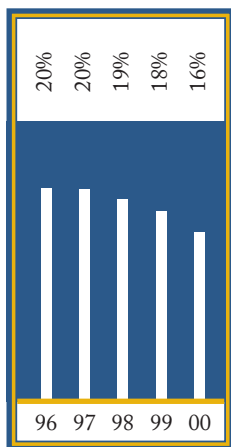
*Almost Nothing
Is Forever*

cents to net income per share in 2001. During the year and including the first two weeks of 2001, eight other

acquisitions that represented territorial expansion were closed, and the resultant operations are doing well.

In January of 2001, Ayers/Sierra Insurance Associates, Tampa, Florida, and The Huval Companies, Lafayette, Louisiana also joined Brown & Brown. Our company now has office locations in 24 states with approximately 2,300 employees.

Although growth through acquisition has been accretive to earnings and has brought a substantial number of high-quality people to Brown & Brown, we must **never** lose our focus on internal growth. Selling new accounts and handling our existing clients to their pleasure, thereby enabling our firm to continue to enjoy a very high renewal retention rate, is essential to consistently grow our net income per share 15% or **more** each quarter.



OPERATING EXPENSES
(as percentage of revenue)

Year 2000 versus 1999 internal growth rates for core commissions and fees were as follows:

	2000	1999
First quarter	5.0%	1.0%
Second quarter	6.4%	0.5%
Third quarter	8.7%	1.8%
Fourth quarter	9.0%	2.0%

These internal growth rates are very exciting. Part of this internal growth has come from firming rates in property & casualty and employee benefits. Bear in mind, rate increases still have not occurred in all states or across all lines of business. An ongoing double-digit internal growth rate would be wonderful!

With offices in 24 states, opportunities abound to grow both internally and externally. New and renewal rates for both lines noted above are rising selectively across our five geographic regions, outlined here:

South	Florida Louisiana	Texas
Mid-Atlantic	Georgia South Carolina Tennessee	Virginia West Virginia
Northeast	New Jersey New York	Pennsylvania
Midwest	Indiana Iowa Michigan Minnesota	North Dakota Ohio Wisconsin
Southwest	Arizona California Colorado	Nevada New Mexico Wyoming

The rapid geographic spread of our company has affected mostly retail – however, we have opened two *de novo* brokerage offices – Peachtree Special Risk in Atlanta and RMA/PMSI in San Antonio, Texas. Peachtree is a pure excess and surplus lines brokerage, while RMA/PMSI is a specialist in small and middle-sized governmental risks. There is synergism between brokerage and our retail offices, which is now producing incremental profits. We would expect that our National Programs Divisions (both Professional and Commercial) as well as our Service Division (USIS and B&B Benefits) will also benefit from the additional owned distribution sources created by our geographic expansion.

“The only constant is change” is part of our corporate culture. To this end, we are regionalizing our July and October Executive Committee Meetings. For those who are not familiar with our leadership structure, the Executive Committee is made up of all Profit Center Managers with \$1,000,000 or more in revenue plus myself, our CFO, General Counsel, and selected others. The information gathered from the quarterly Executive Committee meetings is very important relative to Brown & Brown’s ability to respond **immediately** to changing local market conditions. The effective use of early knowledge means our offices will continue to be on the cutting edge regarding those changes in pricing, underwriting appetite, attitude and availability – or lack thereof – of underwriting capacity. As a result, our clients will continue to receive the best pricing and coverage available.

And now to one of my favorite subjects, pre-tax profit margins. Project 28 continues to produce increasing profitability. Last year our pre-tax profit margin was 25.1%. Year 2000 was 26.3%, excluding the three poolings completed during the last quarter. As restated, the margin was 25.7%. As our company culture and operating model are adopted and used by our new partners, it is my opinion that the goal of 28% pre-tax is still accomplishable by year-end 2002 – barring another major business combination.

The stock market during the year 2000 was not kind to most companies. Not so for Brown & Brown. Our shares opened on January 1, 2000 at \$19.16 and rose steadily during the year closing at \$35.00 on December 31, after consideration of our

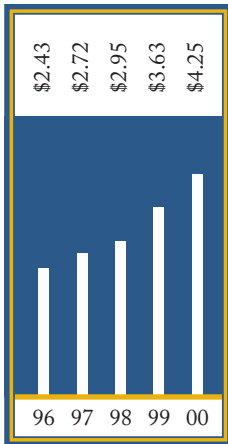
2-for-1 stock split in August. We achieved an 82.7% increase in shareholder value for the 12 months ending December 31, 2000. Simply stated, total shareholder value increased by \$454 million!!! Hooray for the Brown & Brown team!!! It is of great importance that Brown & Brown employee stockholders enjoyed substantial personal gain as a result of a great team effort. Our “hunter-gatherer” culture attracts aggressive entrepreneurial people who are turned on by asset accumulation. Brown & Brown is 97% people and 3% capital. In other words, our success as a sales and service organization is dependent in very great part on the attitudes, every day, of all

{ *Inexorable* }

5



“ORIGINAL”
PRE-TAX MARGIN
(as percentage of revenue)

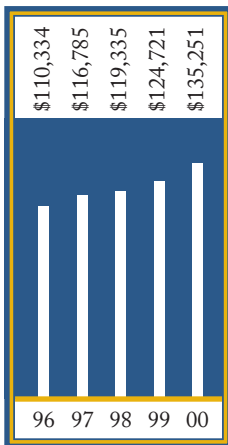


BOOK VALUE
PER SHARE

of our people. People are not a balance sheet asset. The attitudes of Brown & Brown's people, across our system, ultimately make the difference between making our stretch goals and simply being average or less. The ability of Brown & Brown to provide opportunity for personal financial advancement via stock purchase is a very important part of our operating model. Approximately 36% of the stock of our company is owned by our employees. (Subtracting the Brown family's shares, approximately **\$160 million of shareholder value resides with some 1,050 employee shareholders.**) In addition to

Dogged Discipline

performance stock for a broad base of our leadership, we also encourage all employees to consider investing in the Employee Stock Purchase Plan – a payroll deduction plan whereby up to 10% of compensation can be deducted over 12 months, and Brown & Brown stock is then purchased at 85% of the lower of stock prices on July 31 of the current or preceding year.



REVENUE PER
EMPLOYEE

In addition to the stock market's recognition of our company's results,

Forbes magazine's annual list of **200 Best Small Companies in America** for the year 2000 placed us at #93 – up from #106 in 1999. Our selection by *Forbes* appears to be made based on earnings growth rate and return on equity. For the year 2000, our return on beginning equity was 32%.

As I travel regularly from office to office, I am constantly queried by people from the mailroom to the Profit Center Managers about the state of the company, what the stock price is going to do in the future, etc., etc., etc. Possibly the single greatest advantage of public ownership for Brown & Brown is the ability to provide the opportunity for wealth creation for people anywhere in our organization who believe in our culture and are proud to be part of a focused, driven and highly efficient team.

The Brown & Brown team is looking forward to another outstanding year in 2001. Our quest for excellence is inexorable. Our company is truly poised to move to the next level – 2001 will be exciting!!!

J. Hyatt Brown, CPCU, CLU

Chairman, President and Chief Executive Officer



{ *A trek to the top* }

Behind every successful venture there is a clearly defined goal, a way to attain the goal, and there are the leaders who make it happen. At Brown & Brown, we believe our ability to consistently reach our goals and rise above the rest comes from six core guidelines.

The Brown & Brown culture of decentralization allows our leaders to explore and choose successful routes to **Plot the Course** of the Company. At Brown & Brown, we know consistent success only happens when you **Pace the Journey** – our sights are high but firmly focused on consistent earnings growth. We only **Cover New Ground** where these frontiers will bring growth for the Company and **Strengthen the Team**. Brown & Brown has enjoyed reaching the milestones we have set but now it is time to **Move to the Next Level** with the marker set on higher profit margins.

We know Brown & Brown's future success depends on the people who **Lead the Way**. We always seek proven leaders and innovators to join our team to forge new glories for Brown & Brown.



Tom's Ft. Lauderdale office won Brown & Brown's most prestigious award, Office of the Year, in 2000.

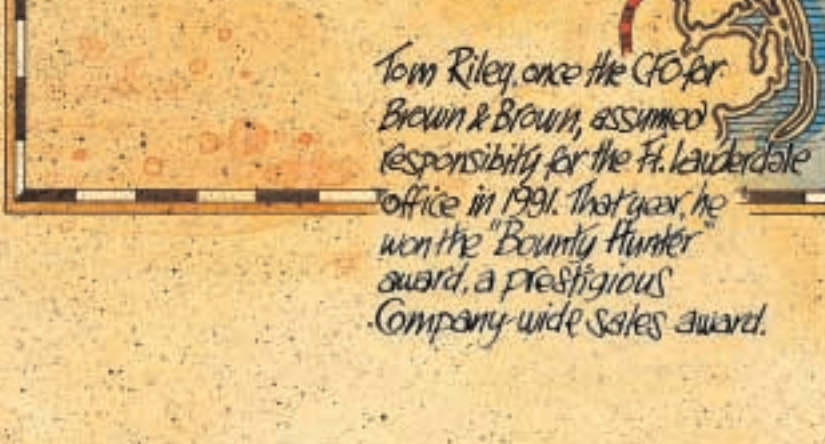


In January of 2001, Brown & Brown acquired the insurance operations of Riedman Corporation, the 26th-largest insurance brokers in the nation.



Brown & Brown acquired Arch Holdings in 1993 in a stock-for-stock trade, marking the company's first acquisition since going public.

Brown & Brown announced the acquisition of Bowers, Schumann & Welch, providing expanded resources and opportunities to serve clients in New Jersey and Pennsylvania.



Tom Riley, once the CFO for Brown & Brown, assumed responsibility for the Ft. Lauderdale office in 1991. That year, he won the "Bounty Hunter" award, a prestigious company-wide sales award.





Tom Riley, CPA, CPCU,
CMA, CIC
Regional Executive Vice President

Tom Riley began his career with Brown & Brown in 1989 as its CFO and in 1991 left that position to take over the Ft. Lauderdale office. Tom has expanded the company's reach through the formation of Champion Underwriters and several acquisitions and mergers. He oversees six profit centers in Florida, two in New Jersey, one each in Pennsylvania and Virginia and 18 in New York.

PLOT OUR COURSE

{ Decentralization }

Almost since its beginnings in 1939, Brown & Brown has operated as a fully decentralized, customer-focused organization. The company's efforts have resulted in tremendous success. Today, Brown & Brown is the nation's ninth-largest independent insurance intermediary with some of the highest pre-tax margins in the industry.

"Much of our success grows directly from our decentralized structure in which our profit center managers are charged with both the authority and accountability for success," explains Regional Executive Vice President Tom Riley. "Placing decision-making authority at the profit-center level, rather than at the corporate level, has resulted in superior customer service, higher pre-tax margins, improved operational efficiencies and, ultimately, increased profitability."

Through decentralization, Brown & Brown has effectively avoided the sluggish decision-making process that hinders many organizations. Instead, Brown & Brown's leaders are free to act decisively and independently within a broad range of corporate guidelines. As a result, the company's employees, customers and shareholders reap the rewards of higher earnings and the promise of future growth.

By assuming the ultimate responsibility for all aspects of running their profit centers, Brown & Brown's managers act essentially like entrepreneurs who have a personal interest in their agencies' success. "Our efforts to create a sense of 'ownership' among our employees is supported by a bonus program that plays an integral part in our compensation package," says Tom. "This well-devised compensation structure rewards decisions that result in higher operating profits. Conversely, poor decisions that negatively affect operating profits cost managers money in terms of reduced or forfeited bonuses."

The company's decentralized structure also serves to improve the quality of customer service. Because customer service and claims activities are handled by employees in profit centers rather than by a centralized customer service team located hundreds of miles from the book of business, Brown & Brown employees have a vested interest in business retention. "The wisdom of servicing our clients locally proves out in customer retention rates that consistently run above 92%," notes Tom.

In the aggressive eat-or-be-eaten animal kingdom, the cheetah may be one of the most adept animals at survival. Brown & Brown's leaders believe that the company's decentralized structure offers three of the cheetah's strengths for survival – speed, agility and endurance.

J

Jim Henderson announced the acquisition of WMH, Inc. and Huffman & Associates, Inc., related companies operating in Rome and Canton, Georgia. Jim will supervise the offices, which continue to operate as freestanding Brown & Brown profit centers.



T

Through Jim Henderson's guidance and industry contacts, he was instrumental in establishing Peachtree Special Risk as a broker to focus on excess and surplus lines of property insurance.



I

In 2001, Jim will focus on developing the South Carolina market.

Tallahassee



Daytona Beach



B

Brown & Brown's acquisition of Risk Management Associates established a unique unit that serves the insurance needs of municipal entities, a market Jim Henderson has worked to develop for many years.



Miami Lakes





Jim Henderson began his career with Brown & Brown in 1985 as its CFO. He then became Sales Manager and subsequently Profit Center Manager of the Daytona Beach Retail Office. He is Executive Vice President of the Company and also oversees operations in the Retail, Brokerage and Services Divisions of the Company with seven Profit Centers in Florida, four in Georgia and four in South Carolina.

PACE THE JOURNEY { Consistent earnings growth }

Since going public in 1993, Brown & Brown has consistently increased earnings per share each quarter by 15% or more – a record unmatched in the industry. “We attribute much of our success to quality people throughout all levels of the company who are focused on bottom-line performance,” says Executive Vice President Jim Henderson. “With a corporate culture centered on ‘survival of the fittest’ and a compensation and recognition system that rewards achievement, we believe that our organization is framed for success.”

Brown & Brown’s ability to seed growth through acquisitions also contributes significantly to the company’s expansion and profitability. “Acquisitions, which account for nearly 50% of our overall annual growth, provide us with a crucial competitive advantage,” says Jim.

During the year and in the early weeks of 2001, Brown & Brown continued its aggressive strategy for external growth, completing more than 12 acquisitions. “In addition to giving us entrance into 13 new states, these acquisitions also dramatically expanded our geographic footprint, exposing us to an even greater inventory of potential acquisitions,” Jim notes.

While “freestanding” agencies have helped Brown & Brown expand its business into uncharted markets, “fold-in” acquisitions are also key to growth, allowing the company to integrate business from an acquired agency into one of its existing profit centers. “Because the infrastructure for handling new business through our mature profit centers already exists, ‘fold-in’ acquisitions are the most profitable way of expanding our business,” explains Jim.

A soft insurance market has reduced revenues industry-wide for several years, according to Jim. “As a result, we have been paddling upstream against a down business cycle for almost eight years. During this challenging time, we have ‘stayed our course,’ focusing on internal and external growth.” By concentrating its time and resources on those revenues that produce the highest margins for stockholders rather than the revenues that are the easiest or fastest to grow, Brown & Brown has successfully sustained profitable growth.

“As we begin 2001, with the promise of a hardening market, we believe that the fruits of our labor will be realized even further with greater increases in profitability,” concludes Jim.

When Linda Downs joined Brown & Brown in 1980, the company's total revenue was \$2 million. During its first year of operation, Linda's Orlando office produced \$300,000 in revenue and reached \$5 million 8 years later.



Under Linda's supervision Brown & Brown's Halcyon Underwriters has grown into one of the company's most profitable revenue centers.



Professional National Programs is a highly motivated team dedicated to delivering high profit margins to Brown & Brown. Their aggressive underwriting approach allows them to deliver competitive quotes to agents with priority focused on first-class service and products.





*Linda Downs, CPCU, AAI
Regional Executive Vice President*

Linda Downs joined Brown & Brown in December of 1980 when she opened a de novo operation in Orlando. The first woman on the Brown & Brown Executive Committee, she is responsible for four Retail Profit Centers in Florida, seven in Virginia, and one in each of Tennessee and West Virginia, as well as for Halcyon Underwriters and the Professional National Programs Division.

COVER NEW GROUND

{ *Geographic expansion* }

Geographic expansion remains paramount to Brown & Brown's sales growth and earnings potential. Over the past year, Brown & Brown entered over 60 new markets and expanded operations in 10 of its existing locations.

Linda Downs, Regional Executive Vice President, says that Brown & Brown's aggressive external growth strategy, which accounts for nearly half of the company's annual growth rate, has increased market penetration appreciably. "As a result, we are rapidly becoming as well known nationally as we are in Florida," notes Linda.

While the company's expanded geographic presence has produced greater market penetration, its decentralization also generates operating efficiencies. "In this decentralized expansion, we are able to benefit from the 'best of the best' in terms of people and procedures," says Linda. Quarterly meetings among the company's independently run profit centers provide a means for sharing information that benefits the entire organization, while internal competition among the company's 125 profit centers encourages further profitability.

"With rapid geographic expansion, close monitoring of costs and quality service are crucial to successfully integrating new operations into our business," says Linda. "In this effort, we employ a team of internal auditors and quality control analysts to study files and evaluate procedures, ensuring that quality service and prudent spending procedures are applied in both our new and mature profit centers."

She adds, "As we continue our geographic expansion, we recognize that our business is one built on 'prideful relationships,' and we will ensure that quality remains at the forefront of our business decisions as we continue our trek into more territories."



Roy Bridges came to Brown & Brown in 1981 with the acquisition of Osceola Insurance Agency. Since then he has assumed responsibility for operations in 15 cities throughout Florida and Louisiana.

In early 2001, Roy's territory further expanded through the combination of Brown & Brown with Hval in Louisiana and Riedman Corporations West Florida operations.

The Ft. Myers team is known for their ability to wake up raining. It's the "eat or be eaten" mentality that drives them to succeed.

When Roy assumed responsibility for the Ft. Myers office in 1993, Brown & Brown's total revenue was \$33 million. Today, Roy's region posts revenues of \$45 million.



Roy Bridges, CIC
Regional Executive Vice President

Roy Bridges joined Brown & Brown in 1987 when his Brooksville, Florida agency was acquired by the Company. In 1993 he was named Profit Center Manager of the Ft. Myers office and in 1998 moved to Tampa and was assigned responsibility for all Florida West Coast locations. Roy is responsible for 13 operations along the entire Florida Gulf Coast – from Naples to Pensacola – as well as the seven Hurval Companies' operations in Louisiana.

STRENGTHEN THE TEAM — { *Fold-in acquisitions* }

Acquisitions continue to play an integral part in Brown & Brown's success, consistently contributing to our overall growth rate and earnings per share. Brown & Brown completed nine new acquisitions in 2000 and three more in the first two weeks of 2001.

"Many of our acquisitions originate from the relationships we have formed over the past 60 years," says Roy Bridges, Regional Executive Vice President. "Our acquisition strategy is twofold. First, we target profitable agencies, typically those with at least \$1 million in annual revenue for freestanding agencies and any "fold-in" acquisitions that are accretive to our earnings. Secondly, and perhaps more importantly in an industry based heavily on relationships, we look for high-quality people with a proven track record," says Roy.

Because Brown & Brown possesses a unique corporate culture, management must judge whether the people involved in a potential acquisition will "buy into" the company's unique culture and thrive as members of an aggressive team. Definitive steps are taken to indoctrinate newly acquired staff members and ensure that the company's "hunter-gatherer" instinct and quality service ideals are maintained. "The message is clearly communicated that while honesty and integrity are essential in our culture, just like in the animal kingdom, you must hunt to eat," explains Roy.

"Our ambitious acquisition strategy has served us well. Expanding our business through acquisitions gives us a distinct competitive advantage," adds Roy.

In addition to increased marketing opportunities, the company's widespread presence provides additional influence with insurance carriers who want their products marketed nationally. "Most importantly, we believe that these acquisitions will continue to present boundless opportunities for growing our books of business," says Roy.

The insurance industry is becoming increasingly competitive, and Brown & Brown firmly believes that only the fittest will survive. With more than 37 stand-alone and/or fold-in acquisitions in the past three years, Brown & Brown is at the forefront of the industry in consolidation.

Brown & Brown continued to expand geographically while maintaining 15% earnings per share growth every year since 1992. In 1995, Ken Kirk joined the company and western expansion exploded, adding offices in Arizona and California.

Under the leadership of Ken Kirk, Brown & Brown has opened offices in New Mexico and Nevada and expanded into Colorado and Wyoming in early 2001.



Oakland



Los Angeles



Las Vegas



Phoenix



Cheyenne

• Steamboat Springs

• Denver



• Albuquerque

Roswell

Brown & Brown announced the acquisition of DSD Insurance Agency in October 2000. The agency, which specializes in personal lines insurance services for residents throughout Southern California, will continue to operate from its existing location as a freestanding profit center under Ken's supervision.

In mid 1999, Ken announced the acquisition of RBS and Wayne Glass Insurance, which provides clients in and around Roswell, New Mexico with commercial and personal lines insurance. The acquisition expanded Brown & Brown's operations and commitment to providing customers the best possible service.



Ken Kirk
Regional Executive Vice President

Ken Kirk was President of Insurance West, of Phoenix, Arizona, when the company combined with Brown & Brown in 1995. Soon after, he was named Profit Center Manager of the Phoenix office. Ken went on to direct Brown & Brown's entry into New Mexico and Nevada. He is responsible for three Profit Centers in Arizona, two in California, five in Colorado, one in Nevada, three in New Mexico and one in Wyoming.

MOVE TO THE NEXT LEVEL { Pre-tax growth }

While Brown & Brown continues to earn appreciably higher pre-tax margins than its competitors, Regional Executive Vice President Ken Kirk says the company continually works to **increase** profitability. In late 1999, Brown & Brown introduced Project 28 – a three-year plan to increase the company's 25% pre-tax margin to 28% by year-end 2002.

"We believe that Project 28 will serve as our benchmark for excellence and help us achieve the next level of profitability," says Ken. As part of the plan, managers receive a monthly report that breaks each of the company's 125 profit centers into several different categories, ranking them according to performance in each area.

According to Ken, ranking the profit centers in terms of performance provides a means of comparing and recognizing the company's top performers, while helping identify opportunities for further profitability. Through Project 28, each of the company's autonomously operated profit centers can benefit from the leverage and combined experience of the organization as a whole. Monthly reports provide in-depth information that helps profit center managers examine operations and offer constructive ideas to continually make improvements.

"By providing this intricate level of information about every profit center, we feel confident that we can dramatically impact our overall margins," comments Ken. "Even our highest-performing profit centers benefit from shared information as they identify ways to achieve even greater results."

In addition to serving as an invaluable communications tool that focuses the organization on pre-tax growth, Project 28 encourages friendly competition among the profit centers, which further drives margins. "Just as athletes perform at higher levels with increased competition, we too benefit from the positive competitive environment that is so much a part of our culture," Ken notes. "By vying for top positions, our strong 'athletes' can set their sights on achieving their goals and continually improving their performance."

In following this formula for success, overall margins have increased throughout the company. "In 2000, we successfully increased our pre-tax margin by one point, and we are on target to reach our goal of 28% in 2002," concludes Ken.

Dan Williamson became Profit Center Manager for the Fort Myers office in 1984. During the '80s, he assumed responsibility for offices throughout the west coast of Florida, and in 1998 was given responsibility for operations throughout the Midwest.



Dan's managers define their marketplaces - a strategy that has proven successful throughout the company.



Dan's team, often referred to as territorial "dogs," is known for finding new business with a keen sense of smell. They aggressively defend their territory against the competition.



Dan Williamson started with Brown & Brown in 1984 when he was named Profit Center Manager in Ft. Myers, Florida. Later, he was given responsibility for several Florida West Coast operations. In 1998, Dan moved to Ohio to guide Brown & Brown's initial presence in mid-America. He is responsible for two offices in Michigan, eight in Minnesota, three in North Dakota, and one each in Indiana, Iowa, Ohio and Wisconsin.

LEAD THE WAY

{ Recruiting and retention }

While the insurance industry is changing in many ways, one facet remains constant – insurance is a people-driven business built on relationships. Unlike other industries that assess their capital value in terms of facilities, properties and equipment, Regional Executive Vice President Dan Williamson says that Brown & Brown considers its most important asset to be its “athletes” – a team of dedicated and highly motivated management, sales professionals and service staff.

“Recognizing the importance of people as our principal asset, we devote a great deal of time recruiting, cultivating and evaluating our employees to ensure that we maintain a well-developed organization that is not dependent on a small group of decision-makers,” says Dan. “Rather, our decentralized structure allows decisions to be made on a local level, eliminating rigid rules and bureaucratic interference that can slow progress and stifle new ideas.

“Like any winning team, we recognize that success is achieved when all of our ‘athletes’ perform to their full potential,” says Dan. To this end, Brown & Brown’s management team works continuously to ensure that the company has a strong lineup of players who can carry the organization to the next level of performance. By recruiting bright entrepreneurial-minded individuals from numerous different industries and backgrounds, the company benefits from fresh perspectives and innovative ideas.

More importantly, Brown & Brown knows that empowering employees with authority and accountability results in wise business decisions. According to Dan, a compensation system that rewards success helps to further develop employees and encourage greater achievement. With a vested interest in their work, Brown & Brown employees understand the value of their contributions to the company’s overall success. Monthly financial results are reported to all employees in both the income-producing units and integral service departments, the result of which is a team that clearly understands the company’s game plan and where they stand in relation to goals.

“The old saying that ordinary people can do extraordinary things bears true for us,” adds Dan. “While we consider that our employees are far more than ordinary, we believe that they achieve extraordinary results because they are challenged, empowered and rewarded for doing so.”

REVIEW OF OPERATIONS

During the year 2000, our four business divisions again succeeded in meeting challenges. Assertive sales and marketing efforts, united with continued strong cost control, enabled us to post overall record earnings for the eighth consecutive year.

Results for 2000 were driven, in part, by firming rates in certain lines of business. We also successfully completed nine new acquisitions, plus three more in the first two weeks of 2001.

RETAIL DIVISION

Brown & Brown's Retail Division continues to be a guiding force in our continued growth. The division's six regions all experienced growth in sales as well as external growth through the acquisitions completed during the year. By closing the acquisition of the insurance operations of Riedman Corporation and of The Huval Companies in January 2001, we expanded geographically in all six of our regions. There are now 105 sales offices in 24 states.

The three Retail subdivisions – National, Southwest and Florida – all succeeded in growing their pre-tax income to new record levels, with Florida up 19%,

Southwest rising 15% and National Retail up an outstanding 55%.

The challenge now is to ensure that our new operations attain our established levels of acceptable profitability in the shortest possible time frame. The entire Retail team is dedicated to successfully achieving this goal.

BROKERAGE DIVISION

The Brokerage division achieved an impressive 49% growth in pre-tax income over 1999.

It is in this division where we first felt the positive impact of some rate stabilization. We also expanded this division through our Georgia start-up, Peachtree Special Risk, and the acquisition of Risk Management Associates/Program Management Services in Florida. These two entities – combined with our already existing brokerage operations, Champion Underwriters, Florida

Intracoastal Underwriters, LC, Halcyon Underwriters and MacDuff Underwriters – now provide Brown & Brown with a strong base in this area of operations.

NATIONAL PROGRAMS DIVISION

The specialty groups within both the Professional and Commercial divisions of National Programs began to show the positive impact of our previously discussed cost containment and program procedural reviews.

Commercial Programs seems to have turned the corner, garnering a 66% increase in pre-tax income growth and increasing its pre-tax margin to 30%.

Professional Programs experienced an 8% drop in pre-tax income. The procedural moves to change carrier partners on some programs, realign the agent distribution force and finalize internal standards are complete. In the year 2001, we expect to see this group begin the rebound to its former levels of solid performance.

SERVICES DIVISION

Both United Self-Insured Services and Brown & Brown Benefits continue to provide steady growth. Combined, they achieved a 16% growth in their level of pre-tax margin. We expanded our role in this arena through the acquisition of Amerisys of Orlando, Florida, and Benesys of Lafayette, Louisiana. They are providers of managed health care services for workers' compensation and employee benefit claimants.

This division, more than any other, continues to experience a very intense level of competition. Its continued success provides the most basic evidence of the value of the Brown & Brown culture.

Board of Directors & Corporate Officers



BOARD OF DIRECTORS

J. Hyatt Brown, CPCU, CLU

Chairman, President & Chief Executive Officer *Brown & Brown, Inc.*

Samuel P. Bell, III, Esq.

Partner in the law firm of *Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.*

Bradley Currey, Jr.

Former Chairman & Chief Executive Officer *Rock-Tenn Company*

Jim W. Henderson, CPCU, CPA

Executive Vice President *Brown & Brown, Inc.*

Theodore J. Hoepner

Vice Chairman, *SunTrust Banks, Inc.*

David H. Hughes

Chairman & Chief Executive Officer *Hughes Supply, Inc.*

Toni Jennings

President *Jack Jennings & Sons, Inc.*

John R. Riedman

Chairman & Chief Executive Officer *Riedman Corporation*

Jan E. Smith

President *Jan Smith and Company*

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Chairman, President & Chief Executive Officer

Jim W. Henderson, CPCU, CPA

Executive Vice President

Cory T. Walker, CPCU, CIC, ARM

Vice President, Treasurer & Chief Financial Officer

Laurel L. Grammig, Esq., CIC

Vice President, Secretary & General Counsel

Thomas M. Donegan, Jr., Esq.

Vice President & Assistant General Counsel

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Tampa, Florida

Linda S. Downs, CPCU, AAI

Orlando, Florida

Kenneth D. Kirk

Phoenix, Arizona

Thomas E. Riley, CPA, CPCU, CMA, CIC

Ft. Lauderdale, Florida

Dan L. Williamson, CIC

Toledo, Ohio

EXECUTIVE COMMITTEE

*(Comprised of Corporate Officers, Regional Executive Vice Presidents and the following Executives)***John C. Adams, Jr.**
Daytona Beach, Florida**Charles Andrews III, CPCU, CIC**
Syracuse, New York**Joseph A. Ashbrook**
Panama City, Florida**Dale R. Bicknell**
Risk Management Associates**Sam R. Boone, Jr.**
United Self-Insured Services**Matthew T. Brewer, CIC**
West Palm Beach, Florida**Michael W. Brown**
Roswell, New Mexico**J. Powell Brown, CPCU**
Orlando, Florida**Gregory A. Busch, CPCU**
Ft. Collins, Colorado**John A. Caballero, CIC**
Denver, Colorado**K. Shane Caldwell**
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Monticello, Florida**John S. Church**
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Melbourne, Florida**Eileen R. Craig, AAM**
Tucson, Arizona**D. Craig Curry**
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CIC, ARM**
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Naples, Florida**Jeffrey L. Eisen**
Florida Intracoastal Underwriters**Brenda K. Ellis, CIC, CISR**
Prescott, Arizona**B. Glen Epley, Ph.D., CPCU, ASLI**
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Colorado Springs, Colorado**Mark E. Felk**
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Corporate**David Aaron French, AAI**
Miami, Florida**Mary Jane Gwyn, CPA, CPCU**
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Las Vegas, Nevada**Susan M. Heath, CPA**
Professional Programs**Robert P. Hollander**
Miami, Florida**Michael A. Holmes, ARM, CIC**
Ft. Lauderdale, Florida**Rocky Huffman, CPCU**
Rome, Georgia**Dale C. Humphreys**
Minot, North Dakota**Tommy Huval**
Lafayette, Louisiana**Robert F. Iocco, CPA, CIC**
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Champion Underwriters**John M. Knapp, CIC**
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Buffalo, New York**Kevin A. Lay, CPCU**
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Taos, New Mexico**Colin E. Lowe**
Ft. Lauderdale, Florida**Charles H. Lydecker, CPCU, CIC, AIM**
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Halcyon Underwriters**Dennis L. Mackeben**
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Commercial Programs**Thomas G. Piegari**
Clark, New Jersey**Jeffery D. Pietrosanto**
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Brown & Brown Benefits**Thomas J. Rekstejn, CIC**
Mankato, Minnesota**James R. Riedman**
Rochester, New York**Mark D. Ross**
Endicott, New York**Michael A. Rowe, CPCU**
Albuquerque, New Mexico**Bryan W. Sanders, CIC, ARM**
MacDuff Underwriters**Gary W. Shertenlieb, Sr.**
Atlanta, Georgia**James W. Simmons, CPA**
Oakland, California**Anthony T. Strianese**
Peachtree Special Risk**Mark B. van Wert, CPCU**
Tampa, Florida**Stephen S. van Wert, J.D.**
Professional Programs**Paul A. Vredenburg, CPA**
Corporate**Laverne C. Wicks, CIC**
Ft. Myers, Florida**Jean H. Williams**
Commercial Programs**Linda G. Wright, CIC**
Commercial Programs**William A. Zimmer, CPA, CIC**
Jacksonville, Florida

RESTATEMENT OF FINANCIAL INFORMATION

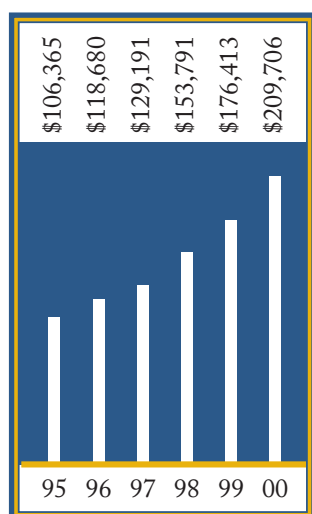
During 2000, the Company acquired, through exchange of shares, the following four separate agency groups: June 2, 2000 – Bowers, Schumann & Welch; November 21, 2000 – The Flagship Group, Ltd.; December 13, 2000 – WMH, Inc. and Huffman & Associates, Inc.; and December 29, 2000 – Mangus Insurance & Bonding, Inc.

These transactions were accounted for utilizing the pooling-of-interests method of accounting and, accordingly, the Company was required to restate its consolidated financial statements for all years presented in this Annual Report. The purpose of a restatement is to present as one combined entity the historical financial data of two (or more) previously separate and distinct legal entities. The financial data that is contained in the Management’s Discussion and Analysis, the Consolidated Financial Statements and Notes to Consolidated Financial Statements reflect this restatement.

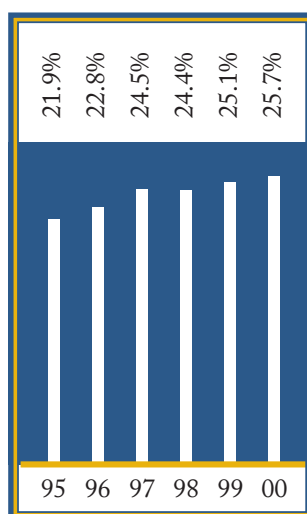
Consistent with last year’s presentation and as a means of comparison, the tables below depict the Company’s revenues, pre-tax margins and net income per share for 1995–2000 both before and after the restatement.

24

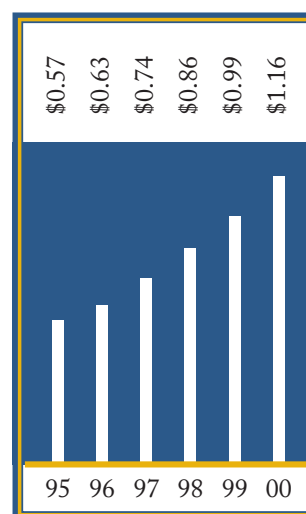
	REVENUE (in thousands)		PRE-TAX MARGIN		NET INCOME PER SHARE	
	Original	Restated	Original	Restated	Original	Restated
1995	\$ 106,365	\$ 131,947	21.9%	18.7%	\$ 0.57	\$ 0.56
1996	118,680	145,200	22.8%	19.8%	0.64	0.63
1997	129,191	156,200	24.5%	20.2%	0.74	0.68
1998	153,791	171,485	24.4%	22.5%	0.86	0.83
1999	176,413	188,391	25.1%	23.4%	0.99	0.94
2000	\$ 209,706	\$ 209,706	25.7%	25.7%	\$ 1.16	\$ 1.16



ORIGINAL
REVENUE
(in thousands)



ORIGINAL
PRE-TAX MARGIN



ORIGINAL
NET INCOME PER SHARE
(in dollars)

INDEX TO FINANCIALS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	26
CONSOLIDATED STATEMENTS OF INCOME	30
CONSOLIDATED BALANCE SHEETS	31
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	32
CONSOLIDATED STATEMENTS OF CASH FLOWS	33
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	34
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	47
MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS AND INTERNAL CONTROLS	47
QUARTERLY FINANCIAL INFORMATION (UNAUDITED)	48
SIX-YEAR STATISTICAL SUMMARY	49

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

GENERAL

In April of 1993, Poe & Associates, Inc., headquartered in Tampa, Florida, combined 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 transaction, the Company's operating results have steadily improved. The Company achieved pre-tax income from operations of \$53,978,000 in 2000, compared with \$44,009,000 in 1999 and \$38,603,000 in 1998. Pre-tax income as a percentage of total revenues was 25.7% in 2000, 23.4% in 1999 and 22.5% in 1998. This upward trend in 2000 is primarily the result of a general increase in premium rates coupled with modest new business growth and continued operating efficiencies.

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 insureds' underlying insurable exposure units such as property values, sales and payroll levels. 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. Although premium rates vary by line of business and by geographical region, in general, there was a gradual increase in premium rates during the year 2000, reversing the soft market trend of recent years. It is anticipated that premium rates will continue to increase through at least the first half of 2001.

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. 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 2001 will continue to be influenced by these competitive and economic conditions.

During 2000, the Company acquired, through exchanges of shares, the following four separate agency groups: June 2, 2000 – Bowers, Schumann & Welch; November 21, 2000 – The Flagship Group, Ltd.; December 13, 2000 – WMH, Inc. and Huffman & Associates, Inc.; and December 29, 2000 – Mangus Insurance & Bonding, Inc. During 1999, the Company acquired, also through exchanges of shares, the following two separate agency groups: July 20, 1999 – Ampher Insurance, Inc. and Ross Insurance of Florida, Inc; and November 10, 1999 – Signature Insurance Group, Inc. and C,S&D, a Florida general partnership. 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 2000, the Company acquired the assets of five 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 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. 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. Each of these transactions was accounted for as a purchase.

Effective January 1, 2001, the Company acquired the insurance agency-related operations and assets of Riedman Corporation ("Riedman") and accounted for the transaction as a purchase. Riedman has more than 60 offices in 13 states (principally where the Company did not formerly have an office location), and generated approximately \$53.4 million of revenues in 2000. It is expected that the Riedman offices could contribute up to \$0.06 to the Company's 2001 net income per share.

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 4.6% 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, fee revenues have generated an average of 8.9% 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.

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, 2000, 1999 AND 1998

Commissions and Fees

Commissions and fees increased 12% in 2000, 10% in 1999 and 12% in 1998. Excluding the effect of acquisitions, core commissions and fees increased 8% in 2000, 2% in 1999 and 2% in 1998. The 2000 results reflect an increase in commissions for the Retail, Brokerage and Services divisions while the National Programs division posted a decrease. The increases in commissions excluding the effect of acquisitions for the Retail and Brokerage divisions were primarily due to the general increase in premium rates during the year. The increase in the Services division's 2000 commissions excluding the effects of acquisitions was primarily due to new business sales. The National Programs division's commissions decreased again in 2000 continuing the downward trend that began in 1998, although at a slower rate. This trend was primarily due to business lost as a result of transferring certain program business to new insurance carriers. During 1999 and 1998, property and casualty insurance premium prices declined from the previous year, and this decline was primarily responsible for the slower growth rate; however, certain segments and industries had some increases in insurable units during the year.

Investment Income

Investment income increased to \$3,890,000 in 2000, compared with \$2,810,000 in 1999 and \$3,654,000 in 1998. The increase in 2000 is primarily due to higher levels of invested cash. Investment income also includes gains of approximately \$109,000 in 2000, \$138,000 in 1999 and \$165,000 in 1998 realized from the sale of investments in various equity securities and partnership interests.

Other Income

Other income consists primarily of gains and losses from the sale and disposition of assets. There were gains of \$122,000 during 2000 for sold customer accounts. During 1999, gains from the sale of customer accounts were \$1,162,000, compared with losses of \$115,000 in 1998. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

Employee Compensation & Benefits

Employee compensation and benefits increased approximately 10% in 2000, 9% in 1999 and 8% in 1998.

Employee compensation and benefits as a percentage of total revenue was 52% in 2000 and 1999, and 53% in 1998. The Company had 1,614 full-time employees at December 31, 2000, compared with 1,487 at the beginning of the year and 1,534 at December 31, 1998. The increase in personnel during 2000 is primarily attributable to acquisitions made during the year. The decrease in personnel during 1999 is primarily attributable to the restructuring of the National Programs division.

Other Operating Expenses

Other operating expenses increased 2% in 2000 and 1999 and 4% in 1998. Other operating expenses as a percentage of total revenues decreased to 16% in 2000 from 18% in 1999 and 19% in 1998. The continuing decline in operating expenses, expressed as a percentage of total revenues, is attributable to the effective cost containment measures brought about by the Company's "Project 28" initiative that is designed to identify areas of excess expense and to the fact that certain significant other operating expenses such as office rent, office supplies and telephone costs do not increase on the same incremental basis as commission revenue in an increasing premium rate environment.

Depreciation

Depreciation increased 3% in 2000, 15% in 1999, and 12% in 1998. The increases in 1999 and 1998 are primarily due to the additions and upgrades of computer equipment and software in preparation for the Year 2000.

Amortization and Interest

Amortization expense increased \$794,000, or 10%, in 2000, \$1,836,000, or 31%, in 1999, and \$246,000, or 4%, in 1998. The increase each year is due to the additional amortization of intangibles as a result of new acquisitions since 1998.

Interest expense decreased \$238,000, or 29%, in 2000, and increased \$100,000, or 14%, in 1999. Interest expense decreased \$438,000, or 38%, in 1998. The decrease in 2000 and 1998 was the result of reduced outstanding debt. 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.

Income Taxes

The effective tax rate on income from operations was 38.5% in 2000, 39.1% in 1999, and 39.0% in 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents of \$31,313,000 at December 31, 2000 increased by \$7,356,000 from \$23,957,000 at December 31, 1999. During 2000, \$44,071,000 of cash was provided from operating activities. From this amount and existing cash balances, \$18,226,000 was used to acquire businesses, \$7,525,000 was used to pay dividends, \$5,535,000 was used for purchases of the Company's stock, \$4,102,000 was used for additions to fixed assets, and \$4,064,000 was used to repay long-term debt.

The Company's cash and cash equivalents of \$23,957,000 at December 31, 1999 decreased by \$4,789,000 from the December 31, 1998 balance of \$28,746,000. During 1999, \$40,610,000 of cash was provided from operating activities. From this amount and existing cash balances, \$18,154,000 was used to acquire businesses, \$17,583,000 was used to repay long-term debt, \$6,237,000 was used to pay dividends, and \$5,070,000 was used for additions to fixed assets.

The Company's cash and cash equivalents of \$28,746,000 at December 31, 1998 decreased by \$10,610,000 from \$39,356,000 at December 31, 1997. During 1998, \$34,802,000 of cash was provided from operating activities and \$12,064,000 was received on 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 to pay dividends, and \$4,764,000 was used for additions to fixed assets.

The Company's current ratio was 1.03, 0.95 and 1.02 at December 31, 2000, 1999 and 1998, 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 \$3 million (the maximum amount available for borrowing) was outstanding at December 31, 2000. The available amount will decrease by \$1 million each August through 2003. 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 2002. 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 1.00% (8.50% at December 31, 2000). On borrowings in excess of \$8 million, the interest rate on this portion of the facility is London Inter-Bank Offering Rate ("LIBOR") plus 0.45% to 1.00%, depending on certain financial ratios that are calculated on a quarterly basis. A commitment fee of 0.15% per annum is assessed on the unused balance. There were no borrowings against the facility at December 31, 2000 and December 31, 1999.

Related primarily to the Riedman acquisition, the Company has entered into a \$90 million seven-year term loan, bearing an interest rate between the LIBOR plus 0.50% and LIBOR plus 1.00%, depending upon the Company's quarterly ratio of Funded Debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The loan was fully funded on January 3, 2001.

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 2001. 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.

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 states of Arizona, Florida and/or New York, where a significant portion of the Company's business is concentrated; (vi) changes in the business or financial condition of the companies whose operations have been acquired by the Company; and (vii) 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,

(in thousands, except per share data)

REVENUES

Commissions and fees

Investment income

Other income

Total revenues

EXPENSES

Employee compensation and benefits

Other operating expenses

Depreciation

Amortization

Interest

Total expenses

Income before income taxes

Income taxes

Net income

Basic and diluted net income per share

Weighted average number of shares outstanding

2000	1999	1998
\$ 204,862	\$ 183,681	\$ 167,532
3,890	2,810	3,654
954	1,900	299
209,706	188,391	171,485
108,258	98,238	90,054
33,724	33,080	32,282
4,637	4,511	3,929
8,519	7,725	5,889
590	828	728
155,728	144,382	132,882
53,978	44,009	38,603
20,792	17,220	15,041
\$ 33,186	\$ 26,789	\$ 23,562
\$ 1.16	\$ 0.94	\$ 0.83
28,663	28,445	28,380

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	As of December 31,	
(in thousands, except per share data)	2000	1999
ASSETS		
Cash and cash equivalents	\$ 31,313	\$ 23,957
Restricted cash	26,297	18,526
Short-term investments	373	809
Premiums, commissions and fees receivable	83,199	69,054
Other current assets	7,576	7,923
Total current assets	148,758	120,269
Fixed assets, net	14,210	15,452
Intangibles, net	101,901	91,891
Investments	5,752	9,608
Deferred income taxes	649	–
Other assets	5,449	7,203
Total assets	\$ 276,719	\$ 244,423
LIABILITIES		
Premiums payable to insurance companies	\$ 109,417	\$ 94,364
Premium deposits and credits due customers	8,347	7,771
Accounts payable and accrued expenses	24,101	21,457
Current portion of long-term debt	2,611	3,714
Total current liabilities	144,476	127,306
Long-term debt	2,736	5,086
Deferred income taxes	–	1,408
Other liabilities	7,596	7,618
Total liabilities	154,808	141,418
SHAREHOLDERS' EQUITY		
Common stock, par value \$.10 per share; authorized 70,000 shares; issued 28,699 shares at 2000 and 28,412 shares at 1999	2,870	2,841
Retained earnings	116,546	95,242
Accumulated other comprehensive income, net of tax effect of \$1,595 at 2000 and \$3,147 at 1999	2,495	4,922
Total shareholders' equity	121,911	103,005
Total liabilities and shareholders' equity	\$ 276,719	\$ 244,423

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount			
BALANCE, JANUARY 1, 1998	28,290	\$ 2,829	\$ 67,433	\$ 6,744	\$ 77,006
Net income			23,562		23,562
Net decrease in unrealized appreciation of available-for-sale securities				(1,204)	(1,204)
Comprehensive Income					<u>22,358</u>
Common stock issued/(purchased) for employee stock benefit plans and stock acquisitions, net	224	22	(8,399)		(8,377)
Shareholder distributions from pooled entities			(1,376)		(1,376)
Cash dividends paid (\$.205 per share)			(5,494)		(5,494)
BALANCE, DECEMBER 31, 1998	28,514	2,851	75,726	5,540	84,117
Net income			26,789		26,789
Net decrease in unrealized appreciation of available-for-sale securities				(618)	(618)
Comprehensive Income					<u>26,171</u>
Common stock (purchased)/issued for employee stock benefit plans and stock acquisitions, net	(102)	(10)	100		90
Shareholder distributions from pooled entities			(1,136)		(1,136)
Cash dividends paid (\$.230 per share)			(6,237)		(6,237)
BALANCE, DECEMBER 31, 1999	28,412	2,841	95,242	4,922	103,005
Net income			33,186		33,186
Net decrease in unrealized appreciation of available-for-sale securities				(2,427)	(2,427)
Comprehensive Income					<u>30,759</u>
Common stock issued/(purchased) for employee stock benefit plans and stock acquisitions, net	287	29	(3,644)		(3,615)
Shareholder distributions from pooled entities			(713)		(713)
Cash dividends paid (\$.270 per share)			(7,525)		(7,525)
Balance, December 31, 2000	28,699	\$ 2,870	\$ 116,546	\$ 2,495	\$ 121,911

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(in thousands)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 33,186	\$ 26,789	\$ 23,562
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,637	4,511	3,929
Amortization	8,519	7,725	5,889
Compensation expense under performance stock plan	483	1,263	732
Deferred income taxes	(505)	(418)	231
Net (gains) losses on sales of investments, fixed assets and customer accounts	(685)	(452)	406
Restricted cash increase	(7,771)	(1,227)	(1,899)
Premiums, commissions and fees receivable (increase) decrease	(14,145)	3,110	(1,742)
Other assets decrease (increase)	2,101	(1,071)	(1,683)
Premiums payable to insurance companies increase (decrease)	15,053	(1,079)	4,776
Premium deposits and credits due customers increase (decrease)	576	(608)	1,344
Accounts payable and accrued expenses increase (decrease)	2,644	3,021	(1,954)
Other liabilities (decrease) increase	(22)	(954)	1,211
Net cash provided by operating activities	44,071	40,610	34,802
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	(4,102)	(5,070)	(4,764)
Payments for businesses acquired, net of cash acquired	(18,226)	(18,154)	(29,608)
Proceeds from sales of fixed assets and customer accounts	1,283	739	148
Purchases of investments	(73)	(124)	(1,457)
Proceeds from sales of investments	494	916	1,030
Net cash used in investing activities	(20,624)	(21,693)	(34,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	(4,064)	(17,583)	(7,835)
Proceeds from long-term debt	–	738	12,064
Exercise of stock options and issuances of stock	1,746	1,664	1,113
Purchases of stock	(5,535)	(1,152)	(9,233)
Shareholder distributions from pooled entities	(713)	(1,136)	(1,376)
Cash dividends paid	(7,525)	(6,237)	(5,494)
Net cash used in financing activities	(16,091)	(23,706)	(10,761)
Net increase (decrease) in cash and cash equivalents	7,356	(4,789)	(10,610)
Cash and cash equivalents at beginning of year	23,957	28,746	39,356
Cash and cash equivalents at end of year	\$ 31,313	\$ 23,957	\$ 28,746

See notes to consolidated financial statements.

NOTES

to Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brown & 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 programs 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 – Pooling-of-Interest Acquisitions, the accompanying consolidated financial statements for all periods presented have been restated to show the effect of the acquisitions of Bowers, Schumann & Welch, The Flagship Group, Ltd., WMH, Inc., Huffman & Associates, Inc., and Mangus Insurance & Bonding, Inc., during 2000; 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. and Becky-Lou Realty Limited 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 accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as 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.

Restricted Cash, 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. Unremitted insurance premiums are held in a fiduciary capacity until disbursed by the Company. In certain states where the Company operates, the use and investment alternatives for these funds are regulated by various state agencies. Accordingly, the Company invests these unremitted funds only in cash, money market accounts and commercial paper, and reports such amounts as restricted cash in the Consolidated Balance Sheets. The interest income earned on these unremitted funds is reported as investment income in the Consolidated Statements of Income.

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 of 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 below cost 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, and are adjusted for other-than-temporary market value declines.

Accumulated other comprehensive income reported in shareholders' equity was \$2,495,000 at December 31, 2000 and \$4,922,000 at December 31, 1999, net of deferred income taxes of \$1,595,000 and \$3,147,000, respectively. The Company owned 559,970 shares of Rock-Tenn Company common stock at December 31, 2000 and 1999 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 lease.

Intangibles

Intangible assets are stated at cost less accumulated amortization and principally represent purchased customer accounts, non-compete agreements, acquisition costs, and the excess of costs over the fair value of identifiable net assets acquired (goodwill). Purchased customer accounts, non-compete agreements, and acquisition costs are being amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 20 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 with 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, 2000, 1999 and 1998.

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.

Net Income Per Share

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTES

to Consolidated Financial Statements

NOTE 2 POOLING-OF-INTEREST ACQUISITIONS

On June 2, 2000, the Company issued 543,588 shares of its common stock in exchange for all the outstanding stock of Bowers, Schumann & Welch ("BSW"), a New Jersey corporation with offices in Washington, New Jersey and Bethlehem, Pennsylvania.

On November 21, 2000, the Company issued 189,914 shares of its common stock in exchange for all the outstanding stock of The Flagship Group, Ltd. ("Flagship"), a Virginia corporation with an office in Norfolk, Virginia.

On December 13, 2000, the Company issued 180,830 shares of its common stock in exchange for all the outstanding stock of WMH, Inc. and Huffman & Associates, Inc. (collectively referred to as "Huffman"), both Georgia corporations with offices in Rome and Canton, Georgia.

On December 29, 2000, the Company issued 57,955 shares of its common stock in exchange for all the outstanding stock of Mangus Insurance & Bonding, Inc. ("Mangus"), a Florida corporation with an office in Jacksonville, Florida.

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 BSW, Flagship, Huffman and Mangus.

The following table reflects the 1999 and 1998 individual and combined operating results of the Company, BSW, Flagship, Huffman and Mangus.

(in thousands of dollars, except per share data)	As Previously Reported	BSW	Flagship	Huffman	Mangus	Combined
1999						
Revenues	\$ 176,413	\$ 5,133	\$ 3,850	\$ 2,240	\$ 755	\$ 188,391
Net income	27,172	(506)	244	154	(275)	26,789
1998						
Revenues	\$ 158,947	\$ 5,337	\$ 4,316	\$ 2,167	\$ 718	\$ 171,485
Net income	23,349	(252)	314	157	(6)	23,562
					1999	1998
NET INCOME PER SHARE						
As previously reported					\$ 0.99	\$ 0.85
As combined					\$ 0.94	\$ 0.83

On July 20, 1999, the Company issued 334,656 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 210,770 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 individual and combined operating results of the Company, Ampher-Ross, Signature and C,S&D.

(in thousands of dollars, except per share data)	As Previously Reported	Ampher-Ross	Signature	C,S&D	Combined
1998					
Revenues	\$ 153,791	\$ 2,994	\$ 2,162	\$ –	\$ 158,947
Net income	23,053	86	210	–	23,349
					1998
NET INCOME PER SHARE					
As previously reported					\$ 0.86
As combined					\$ 0.85

On April 14, 1998, the Company issued 557,530 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.

37

NOTE 3 ASSET ACQUISITIONS

During 2000, the Company acquired the assets of five general insurance agencies, several books of business (customer accounts) and the outstanding stock of one general insurance agency at an aggregate cost of \$18,837,000, including \$18,226,000 of net cash payments and the issuance of notes payable in the amount of \$611,000. 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.

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.

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.

NOTES

to Consolidated Financial Statements

The results of operations for the asset acquisitions have been combined with those of the Company since their respective acquisition dates. Since the majority of the acquisitions in 2000 and 1999 occurred near the beginning of each of the respective years, the pro forma effect of annualizing the revenues, net income and net income per share of these acquisitions would not be materially different from the amounts reported in the Consolidated Statements of Income. However, if the acquisitions completed during 1998 had occurred at the beginning of the year, the Company's 1998 results of operations would be as shown in the following table:

(in thousands, except per share data)	(Unaudited)
	Year Ended December 31,
	1998
Revenues	\$ 180,236
Net income	24,063
Net income per share	\$ 0.85

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 \$1,220,000, \$1,611,000 and \$1,536,000 were made in 2000, 1999 and 1998 respectively. As of December 31, 2000, the maximum future contingency payments related to acquisitions totaled \$10,597,000.

NOTE 4 INVESTMENTS

Investments at December 31 consisted of the following:

(in thousands)	2000		1999	
	Carrying Value		Carrying Value	
	Current	Non-Current	Current	Non-Current
Available-for-sale marketable equity securities	\$ 80	\$ 4,165	\$ 525	\$ 8,260
Nonmarketable equity securities and certificates of deposit	293	1,587	284	1,348
Total investments	\$ 373	\$ 5,752	\$ 809	\$ 9,608

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

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MARKETABLE EQUITY SECURITIES:				
2000	\$ 520	\$ 3,738	\$ (13)	\$ 4,245
1999	\$ 880	\$ 7,930	\$ (25)	\$ 8,785

In 2000, proceeds from sales of available-for-sale securities totaled \$494,000, resulting in gross realized gains and losses of approximately \$144,000 and (\$35,000), respectively. Proceeds from sales of available-for-sale securities totaled \$916,000 in 1999, resulting in gross realized gains of approximately \$138,000. In 1998, proceeds from sales of available-for-sale securities totaled \$1,030,000, resulting in gross realized gains of approximately \$165,000.

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, 2000 and 1999 approximates its fair value.

NOTE 5 FIXED ASSETS

Fixed assets at December 31 consisted of the following:

(in thousands)	2000	1999
Furniture, fixtures and equipment	\$ 37,508	\$ 36,251
Land, buildings and improvements	1,918	3,014
Leasehold improvements	1,844	1,755
	\$ 41,270	\$ 41,020
Less accumulated depreciation and amortization	27,060	25,568
	\$ 14,210	\$ 15,452

Depreciation expense amounted to \$4,637,000 in 2000, \$4,511,000 in 1999 and \$3,929,000 in 1998.

NOTE 6 INTANGIBLES

Intangibles at December 31 consisted of the following:

(in thousands)	2000	1999
Purchased customer accounts	\$ 106,018	\$ 88,055
Non-compete agreements	22,143	21,653
Goodwill	32,364	32,352
Acquisition costs	1,913	1,705
	162,438	143,765
Less accumulated amortization	60,537	51,874
	\$ 101,901	\$ 91,891

Amortization expense amounted to \$8,519,000 in 2000, \$7,725,000 in 1999 and \$5,889,000 in 1998.

NOTES

to Consolidated Financial Statements

NOTE 7 LONG-TERM DEBT

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

(in thousands)	2000	1999
Long-term credit agreement	\$ 3,000	\$ 4,000
Revolving credit facility	—	—
Notes payable from treasury stock purchases	138	395
Acquisition notes payable	1,115	2,352
Other notes payable	1,094	2,053
	5,347	8,800
Less current portion	2,611	3,714
Long-term debt	\$ 2,736	\$ 5,086

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 1.00% (10.50% at December 31, 2000). At December 31, 2000, \$3 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 through 2003. 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 2002. 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 1.00% (8.50% at December 31, 2000). On borrowings in excess of \$8 million, the interest rate on this portion of the facility is London Inter-Bank Offering Rate ("LIBOR") plus 0.45% to 1.00%, depending on certain financial ratios that are calculated on a quarterly basis. A commitment fee of 0.15% per annum is assessed on the unused balance. There were no borrowings against the facility at December 31, 2000 and December 31, 1999.

Treasury stock notes payable are due to various individuals for the redemption of Brown & Brown, Inc. stock. These notes bear no interest and mature in 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 2000, 1999 and 1998. These notes, including future contingent payments, are payable in monthly and annual installments through 2002, including interest of 6.00%.

Maturities of long-term debt for succeeding years are \$2,611,000 in 2001, \$1,113,000 in 2002, \$1,080,000 in 2003, \$48,000 in 2004 and \$495,000 in 2005 and beyond.

Related primarily to the Riedman acquisition, which is more fully described in Note 15, Subsequent Events, the Company entered into a \$90 million seven-year term loan, bearing an interest rate between the LIBOR plus 0.50% and LIBOR plus 1.00%, depending upon the Company's quarterly ratio of Funded Debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The loan was fully funded on January 3, 2001.

NOTE 8 INCOME TAXES

At December 31, 2000, the Company had a net operating loss carryforward of \$302,000 for income tax reporting purposes, portions of which expire in the years 2011 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:

(in thousands)	2000	1999
Deferred tax liabilities:		
Fixed assets	\$ 817	\$ 1,087
Net unrealized appreciation of available-for-sale securities	1,595	3,147
Prepaid insurance and pension	542	721
Intangible assets	363	237
Total deferred tax liabilities	\$ 3,317	\$ 5,192
Deferred tax assets:		
Deferred compensation	\$ 2,247	\$ 2,433
Accruals and reserves	1,342	1,022
Net operating loss carryforwards	179	179
Other	236	188
Valuation allowance for deferred tax assets	(38)	(38)
Total deferred tax assets	\$ 3,966	\$ 3,784
Net deferred tax (asset)/liability	\$ (649)	\$ 1,408

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

(in thousands)	2000	1999	1998
Current:			
Federal	\$ 18,669	\$ 15,172	\$ 12,728
State	2,795	2,477	2,015
Total current provision	\$ 21,464	\$ 17,649	\$ 14,743
Deferred:			
Federal	\$ (603)	\$ (385)	\$ 267
State	(69)	(44)	31
Total deferred (benefit) provision	\$ (672)	\$ (429)	\$ 298
Total tax provision	\$ 20,792	\$ 17,220	\$ 15,041

NOTES

to Consolidated Financial Statements

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

	2000	1999	1998
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal income tax benefit	3.3	3.6	3.4
Interest exempt from taxation and dividend exclusion	(0.4)	(0.3)	(0.2)
Non-deductible goodwill amortization	0.3	0.4	0.4
Other, net	0.3	0.4	0.4
Effective tax rate	38.5 %	39.1 %	39.0 %

Income taxes payable were \$3,322,000 and \$2,589,000 at December 31, 2000 and December 31, 1999, 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 \$2,856,000 in 2000, \$2,503,000 in 1999 and \$2,289,000 in 1998.

NOTE 10 STOCK-BASED COMPENSATION AND INCENTIVE PLANS

Stock Performance Plan

The Company has adopted a stock performance plan, under which up to 1,800,000 shares of the Company's stock ("Performance Stock") may be granted to key employees contingent on the employees' future 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 shares of Performance Stock that have satisfied the first vesting condition, and participants may exercise voting privileges on such shares. At December 31, 2000, 1,140,979 shares had been granted under the plan at initial stock prices ranging from \$7.58 to \$25.56. As of December 31, 2000, 1,009,824 shares had met the first condition for vesting; 23,952 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 \$483,000 in 2000, \$1,263,000 in 1999 and \$732,000 in 1998.

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 1,500,000 shares authorized for issuance under the Stock Purchase Plan as of December 31, 2000, 547,842 shares remained available and reserved for future issuance.

Incentive Stock Option Plan

On April 21, 2000 the Company adopted an incentive stock option plan that provides for the granting of stock options to certain key employees. The objective of this plan is to provide additional performance incentives to grow the Company's pre-tax earnings in excess of 15% annually. The Company is authorized to grant options for up to 600,000 common shares, of which 576,000 were granted on April 21, 2000 at the most recent trading day's closing market price of \$19.34 per share. All of the outstanding options vest over a one-to-10-year period, with a potential acceleration of the vesting period to three to six years based on achievement of certain performance goals. All of the options expire 10 years after the grant date. As of December 31, 2000, none of the options were exercisable, and none were exercised or canceled during the year.

The weighted average fair value of the incentive stock options granted during 2000 estimated on the date of grant using the Black-Scholes option-pricing model, was \$9.47 per share. The fair value of these options granted is estimated on the date of grant using the following assumptions: dividend yield of 0.86%, expected volatility of 29.6%, risk-free interest rate of 6.3%, and an expected life of 10 years.

Pro Forma Effect of Plans

The Company accounts for the Stock Purchase Plan and the Incentive Stock Option Plan using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation cost is required. Had compensation expense for these plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and net income per share would have been reduced to the pro forma amounts indicated below:

(Unaudited)			
Year Ended December 31,			
(in thousands, except per share data)	2000	1999	1998
NET INCOME:			
As reported	\$ 33,186	\$ 26,789	\$ 23,562
Pro forma	32,187	26,608	22,910
NET INCOME PER SHARE:			
As reported	\$ 1.16	\$ 0.94	\$ 0.83
Pro forma	1.13	0.93	0.81

NOTE II 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:

Year Ended December 31,			
(in thousands)	2000	1999	1998
Unrealized holding loss on available-for-sale securities net of tax benefit of \$1,552 for 2000, \$395 for 1999, and \$770 for 1998	\$ (2,427)	\$ (618)	\$ (1,204)
Notes payable issued for purchased customer accounts	611	1,458	4,991
Notes received on the sale of fixed assets and customer accounts	448	1,305	1,249
Common stock issued/(cancelled) for stock acquisitions, net	(309)	(1,685)	(989)
Cash paid during the year for:			
Interest	603	874	863
Income taxes	19,630	16,535	14,112

NOTES

to Consolidated Financial Statements

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 2015. 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, 2000, the aggregate future minimum lease payments under all non-cancelable lease agreements in excess of one year were as follows:

Year Ending December 31,	(in thousands)
2001	\$ 7,529
2002	7,260
2003	6,365
2004	5,229
2005	2,902
Thereafter	4,421
Total minimum future lease payments	\$ 33,706

Rental expense in 2000, 1999 and 1998 for operating leases totaled \$8,217,000, \$6,593,000 and \$6,012,000, 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 Arizona, Florida and New York. Accordingly, the occurrence of adverse economic conditions or an adverse regulatory climate in Arizona, Florida and/or New York 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, 2000, 1999 and 1998, approximately 7%, 14% and 17%, 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 5% 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 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 within 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.

(in thousands)	Retail	Programs	Service	Brokerage	Other	Total
Year Ended December 31, 2000						
Total revenues	\$ 146,647	\$ 21,653	\$ 18,825	\$ 23,170	\$ (589)	\$ 209,706
Investment income	2,353	1,471	277	782	(993)	3,890
Interest expense	1,943	24	—	27	(1,404)	590
Depreciation	2,672	1,035	466	249	215	4,637
Amortization	7,022	188	4	1,273	32	8,519
Income (loss) before income taxes	32,056	7,588	2,870	8,217	3,247	53,978
Total assets	189,136	54,539	5,970	57,025	(29,951)	276,719
Capital expenditures	2,231	354	867	401	249	4,102
Year Ended December 31, 1999						
Total revenues	\$ 135,505	\$ 23,822	\$ 14,936	\$ 15,231	\$ (1,103)	\$ 188,391
Investment income	2,106	1,187	221	355	(1,059)	2,810
Interest expense	1,280	—	—	—	(452)	828
Depreciation	2,559	1,172	384	181	215	4,511
Amortization	6,554	346	—	785	40	7,725
Income (loss) before income taxes	26,279	7,493	2,475	5,533	2,229	44,009
Total assets	160,486	56,908	6,172	32,362	(11,505)	244,423
Capital expenditures	2,933	504	346	193	1,094	5,070
Year Ended December 31, 1998						
Total revenues	\$ 118,042	\$ 26,737	\$ 14,025	\$ 13,611	\$ (930)	\$ 171,485
Investment income	2,018	1,684	207	358	(613)	3,654
Interest expense	1,003	—	—	12	(287)	728
Depreciation	2,131	1,165	319	139	175	3,929
Amortization	4,781	287	—	786	35	5,889
Income (loss) before income taxes	22,429	9,515	2,496	4,888	(725)	38,603
Total assets	136,599	59,686	5,421	29,850	9,640	241,196
Capital expenditures	3,431	666	383	223	61	4,764

NOTES

to Consolidated Financial Statements

NOTE 15 SUBSEQUENT EVENTS (UNAUDITED)

Effective January 1, 2001, the Company acquired the insurance agency-related operations and assets of Riedman Corporation ("Riedman") which consists of more than 60 offices in 13 states, principally where the Company did not formerly have an office location. The total purchase price, which is based primarily on a multiple of Riedman's 2000 revenues, is expected to be approximately \$83 million and will be fully funded by a seven-year term loan with a national banking institution. This acquisition will be accounted for using the purchase method of accounting and includes a preliminary purchase price allocation of \$4 million allocated to fixed assets, \$2.8 million allocated to non-compete agreements and the remaining amounts allocated to purchased customer accounts, acquisition costs and goodwill.

The following unaudited pro forma summary presents the consolidated results of operations as if the Riedman acquisition had been made at the beginning of the respective periods presented. These results do not purport to be indicative of what would have occurred had the acquisition actually been made as of such dates or of results which may occur in the future.

Year Ended December 31,

(in thousands of dollars, except per share data)

	2000	1999	1998
Revenues	\$ 263,976	\$ 238,452	\$ 215,662
Net income	\$ 31,815	\$ 25,760	\$ 21,931
Net income per share	\$ 1.11	\$ 0.91	\$ 0.77

On January 13, 2001, the Company issued 327,379 shares of its common stock in exchange for all the outstanding stock of The Huval Companies, each a Louisiana corporation, with seven offices in Louisiana. Additionally, on February 15, 2001, the Company issued 95,588 shares of its common stock in exchange for all the outstanding stock of Spencer & Associates, Inc. and a related company, SAN of East Central Florida, Inc., both Florida corporations, with offices in Melbourne and Titusville, Florida.

Had these acquisitions, which are accounted for under the pooling-of-interest method of accounting, been consummated prior to year-end, the Company's operating results would have been restated for all periods prior to these acquisitions as follows:

Year Ended December 31,

(in thousands of dollars, except per share data)

	2000	1999	1998
Revenues	\$ 219,738	\$ 196,463	\$ 178,480
Net income	\$ 33,303	\$ 27,246	\$ 24,015
Net income per share	\$ 1.14	\$ 0.94	\$ 0.83

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, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 auditing standards generally accepted in the United States. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Orlando, Florida
January 19, 2001



MANAGEMENT'S REPORT

on financial statements and internal controls

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.

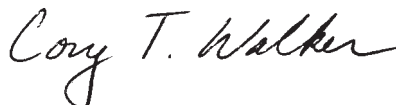
Management of Brown & Brown, Inc. has developed and maintains a system of internal control over the preparation of its published annual and interim financial statements which is designed to provide reasonable assurance that the Company's assets are safeguarded and protected from improper use. The system 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, 2000 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 three 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 and independent auditors have private and confidential access to the Audit Committee.



J. Hyatt Brown
Chairman, President &
Chief Executive Officer



Cory T. Walker
Vice President, Treasurer &
Chief Financial Officer

QUARTERLY FINANCIAL INFORMATION (Unaudited) ⁽¹⁾

(in thousands of dollars, except per share data)	Revenues	Net Income		Cash Dividend Per Share	Stock Price Range	
		Amount	Per Share		High	Low
2000						
First Quarter	\$ 53,802	\$ 8,878	\$.31	\$.065	\$ 20.13	\$ 15.63
Second Quarter	50,342	6,945	.25	.065	26.22	19.00
Third Quarter	52,049	8,580	.30	.065	32.00	23.72
Fourth Quarter	53,513	8,783	.30	.075	35.88	29.75
	\$ 209,706	\$ 33,186	\$ 1.16	\$.270		
1999						
First Quarter	\$ 49,030	\$ 7,417	\$.26	\$.055	\$ 19.22	\$ 14.66
Second Quarter	46,514	5,615	.20	.055	19.00	15.19
Third Quarter	46,846	6,945	.24	.055	19.72	16.60
Fourth Quarter	46,001	6,812	.24	.065	20.32	15.38
	\$ 188,391	\$ 26,789	\$.94	\$.230		
1998						
First Quarter	\$ 41,549	\$ 6,464	\$.23	\$.050	\$ 19.25	\$ 14.38
Second Quarter	43,484	5,032	.18	.050	19.69	16.00
Third Quarter	43,051	6,080	.21	.050	21.25	17.50
Fourth Quarter	43,401	5,986	.21	.055	19.50	16.32
	\$ 171,485	\$ 23,562	\$.83	\$.205		

(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,

	2000	1999	1998	1997	1996	1995
REVENUES						
Commissions & fees	\$ 204,862	\$ 183,681	\$ 167,532	\$ 149,819	\$ 139,390	\$ 126,316
Investment income	3,890	2,810	3,654	4,627	3,745	4,263
Other income	954	1,900	299	1,754	2,065	1,368
Total Revenues	209,706	188,391	171,485	156,200	145,200	131,947
EXPENSES						
Compensation and benefits	108,258	98,238	90,054	83,148	77,374	71,583
Other operating expenses	33,724	33,080	32,282	31,183	29,392	27,183
Depreciation expense	4,637	4,511	3,929	3,515	3,314	2,727
Amortization expense	8,519	7,725	5,889	5,643	5,209	4,615
Interest expense	590	828	728	1,166	1,171	1,122
Total expenses	155,728	144,382	132,882	124,655	116,460	107,230
Income before income taxes and loss from discontinued operations	53,978	44,009	38,603	31,545	28,740	24,717
Income Taxes	20,792	17,220	15,041	12,357	11,055	8,948
Net Income	\$ 33,186	\$ 26,789	\$ 23,562	\$ 19,188	\$ 17,685	\$ 15,769
PER SHARE INFORMATION						
Net income per share	\$ 1.16	\$ 0.94	\$ 0.83	\$ 0.68	\$ 0.63	\$ 0.56
Weighted average number of shares outstanding	28,663	28,445	28,380	28,251	28,125	28,173
Dividends paid per share	\$ 0.2700	\$ 0.2300	\$ 0.2050	\$ 0.1767	\$ 0.1633	\$ 0.1600
YEAR-END FINANCIAL POSITION						
Working capital	\$ 4,282	\$ (7,037)	\$ 2,020	\$ 12,140	\$ 2,797	\$ 8,216
Intangible assets, net	\$ 101,901	\$ 91,891	\$ 79,942	\$ 51,273	\$ 51,826	\$ 38,159
Total assets	\$ 276,719	\$ 244,423	\$ 241,196	\$ 217,604	\$ 201,004	\$ 172,784
Long-term debt	\$ 2,736	\$ 5,086	\$ 18,922	\$ 7,905	\$ 7,214	\$ 9,434
Shareholders' equity	\$ 121,911	\$ 103,005	\$ 84,117	\$ 77,006	\$ 68,255	\$ 55,175
Total shares outstanding (excluding treasury shares)	28,699	28,412	28,514	28,290	28,044	28,122
OTHER INFORMATION						
Number of full-time equivalent employees	1,614	1,487	1,534	1,340	1,335	1,297
Revenue per average no. of employees	\$ 135,251	\$ 124,721	\$ 119,335	\$ 116,785	\$ 110,334	\$ 102,883
Book value per share	\$ 4.25	\$ 3.63	\$ 2.95	\$ 2.72	\$ 2.43	\$ 1.96
Stock price at year end (closing price)	\$ 35.00	\$ 19.16	\$ 17.47	\$ 14.87	\$ 8.83	\$ 8.29
Stock price earnings multiple	30.23	20.34	21.04	21.89	14.04	14.81
Return on beginning shareholders' equity	32%	32%	31%	28%	32%	32%

Note: Prior years have been restated to reflect, among other acquisitions, the stock acquisitions of Insurance West in 1995; Daniel-James Insurance in 1998; Ampher-Ross and Signature Insurance Group in 1999; and Bowers, Schumann & Welch, The Flagship Group, WMH and Huffman & Associates, and Mangus Insurance & Bonding in 2000. All share and per-share information has been adjusted to give effect to the 3-for-2 and the 2-for-1 common stock splits which became effective February 27, 1998 and August 23, 2000, respectively.

SHAREHOLDER INFORMATION

BROWN & BROWN, INC.

CORPORATE OFFICES

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(386) 252-9601

401 East Jackson Street
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(813) 222-4100

OUTSIDE COUNSEL

Cobb Cole & Bell
150 Magnolia Avenue
Daytona Beach, Florida 32114

Holland & Knight, LLP
400 North Ashley Drive,
Suite 2300
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 18, 2001 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
1525 West W.T. Harris Boulevard
Charlotte, North Carolina 28262

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 2, 2001 was 802. Closing price per share on that date was \$38.95.

ADDITIONAL INFORMATION

Information concerning the services of Brown & Brown, Inc., as well as access to current financial releases, is available on the Internet. Brown & Brown's address is www.bbinsurance.com.



{ SUSAN BLAKE }

This year the Annual Report Committee solicited Brown & Brown employees to participate in a contest to design the cover of our 2000 Annual Report. The cover contest winner is Susan Blake from the marketing department of the Sarasota office. Susan has been with Brown & Brown for two years and has over 20 years' experience in the insurance industry.

Soon after joining the Company, Susan realized two distinct features about Brown & Brown – the Company's undying quest to reach new heights as well as its recognition of the mystique of the African culture. Susan successfully captured the essence of the Brown & Brown culture by creating the Rising (Trek to the Top) theme for this year's Annual Report with a cover image of Africa's roof, Mt. Kilimanjaro.



{ THE DE WILDT CHEETAH AND WILDLIFE CENTRE }

Brown & Brown is once again proud to support The De Wildt Cheetah and Wildlife Centre. An internationally recognized facility, the Centre is dedicated to the preservation of cheetahs as well as other endangered species through captive breeding programs. The photograph to the left – taken on The De Wildt Cheetah and Wildlife Centre grounds – shows one of the rarest breeds of all cheetahs, the King Cheetah.

Located in the Northwest Province of South Africa, the Centre is a leader in the research and breeding of near-extinct African animals. To learn more about The De Wildt Cheetah and Wildlife Centre and its work, visit www.dewildt.org.za. Contributions may be made to the De Wildt Cheetah Centre, to the attention of Ms. Ann van Dyk, P.O. Box 16, De Wildt, 0251, South Africa.



{ MARC LEO FELIX }

The Latin phrase, *Non Volumus Canes Ovos Sugere*, is a translation of an old expression. It means “No Egg-Sucking Dogs” and was translated into Latin by Marc Leo Felix, a resident of Brussels, Belgium. Mr. Felix, who is fluent in 12 languages, gratuitously provided this Latin phrase. He is the Director of the Congo Basin Art History Research Center located in Brussels and is an internationally recognized expert in Central African Ritual Sculpture. Marc is a personal friend of the Brown family.


The phrase “Egg-Sucking Dog” is common in the parlance of quail hunting and simply means a dog that won't hunt. Therefore, an “Egg-Sucking Dog” has no value and is not useful or used by a bird hunter who enjoys a successful hunt.

This expression is appropriate for Brown & Brown's corporate culture since the Company's success is a result of each person's dogged determination to attract and maintain client relationships based on a strong work ethic and no-nonsense approach to service.

Brown & Brown's Annual Report contains many of the valuable service marks owned and used by Brown & Brown, Inc. and its subsidiaries and affiliates to distinguish insurance products and services of outstanding quality.

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*Design and production:
see see eye / Atlanta, Georgia.*

 *The narrative portion of this Annual Report was printed on paper made from 50% recycled fiber, including a minimum of 20% of the total fiber content from post-consumer waste. The financial section was printed on paper made with 30% post-consumer waste.*

NON VOLUMUS



CANES OVOS SUGERE

