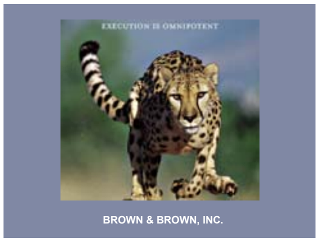
Brown & Brown (BRO)

Analysis by Sheryl Sostarich
March 11, 2006



Brown & Brown, it's not a shoe company or a theme park with wild animals. Brown & Brown is an insurance agency headquartered in Daytona Beach, Florida. Insurance may not sound as exciting as a theme park but stay with me on this company. As we look at this company, there are two questions you need to ask yourself:

Is it a good company?
Is it a company I want to invest in?

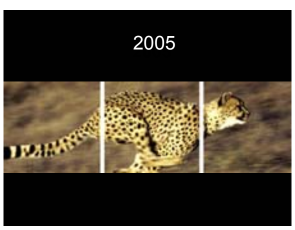
I spent the first sixteen years of my working career as an insurance underwriter for The St. Paul Companies and I feel I know the insurance industry pretty well. The employees of Brown & Brown are sales agents for insurance companies like Aetna, Hartford, and St Paul Travelers. They make money from commissions and fees on the products and services they sell. Unlike an insurance company, Brown & Brown is not a risk bearer. On average, an insurance company pays 70% of its profits in claims; an agency profits as long as it keeps and acquires clients.

Eye on Operations

The insurance industry has been consolidating for several years. In 2005, Brown & Brown made 19 acquisitions representing $121 million in forward annual revenues. This was on the heels of 22 acquisitions in 2004 representing $98 million in forward annual revenues. These transactions are important not only for boosting the growth rate but also Brown & Brown has acquired a lot of talented employees.

For an insurance company, 2005 was a disastrous year. As Hyatt Brown, the CEO told us on a recent conference call; disaster is actually an opportunity for an insurance agency. Brown & Brown grew closer to its clients because of the thousands of claims it handled in the wake of hurricanes that hit Florida and the Gulf Coast.

One-third of the business that Brown & Brown writes is in Florida. In many cases, the company underwriters don't know what their Home Offices want to do relative to property insurance in Florida and how it will affect their underwriting strategy. In some cases, the agent will be in the middle of making a proposal to a client and the company underwriter says no, I can't write the account. Insurance premiums have risen 40 to 100% on surplus lines business. Deductibles are a percentage of the building value. It takes about six months for the Home Offices to adjust their underwriting strategy. Brown & Brown expects premium increases and more restrictive policy terms by April.



Despite the stress on agency employees who worked to handle thousands of claims, the company posted exceptional results. For the fourth quarter ended December 31, 2005, revenues were up 20.7%. Earnings per share were up 16.3%. The primary drivers of growth were commissions and fees, which increased 22.5% and investment income, which doubled in the fourth quarter to $2.3 million. Investment income is the money that is earned on collected premiums that sit in an interest bearing account until they are paid to the insurance companies. Thanks to rate hikes by the Federal Reserve, the yields on interest bearing accounts are rising.

While total revenues grew by 20.7%, expenses grew by only 19.9%. Pretax margin rose by one-half percent to 29%. The single largest expense item for Brown & Brown is employee commissions and benefits. As a percentage of total revenues, this line item was 49% of total revenue or a one full percentage point lower quarter over quarter.

For the full year, revenues rose 21.5% to $785 million. Earnings per share were up 16%. The balance sheet is solid with $100 million of unrestricted cash. Shareholders equity increased 22%.

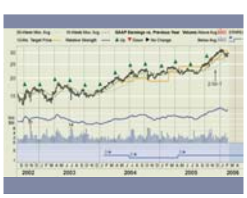
Brown & Brown's biggest concentration of accounts is in the middle market, that is small and mid-sized commercial businesses. These businesses are growing rapidly and generate high margins for the agency. They like to sell custom accounts that generate $2,500 to $7,500 in commissions because these clients are the most loyal. The company also collects consulting and processing fees as a third-party administrator of workers compensation and health care plans. Brown & Brown recently started a new division to sell insurance to cities and townships. The majority of its clients reside in Florida, California, New York, Georgia and New Jersey.

J. Hyatt Brown joined his father's agency in 1959. He left for eight years (1972-1980) to serve in the Florida House of Representatives and then returned to the agency as chief executive officer. Hyatt Brown is credited with developing a culture where everyone is measured on an equal basis. "It's not what you did for me yesterday, it's what you do for me today."

Spitzer Raises His Hackles

The insurance industry typically goes through two-year pricing cycles, either a hard market where it is easy to raise insurance premiums or a soft market, where it is very difficult to raise premiums and not lose clients. The events of September 11, 2001 have allowed insurance companies to benefit from a hard market for the past four years.

New York Attorney General Eliot Spitzer blew the whistle on insurance companies who paid bonuses to brokers for placing business through their companies. The practice, called bid rigging, had been going on for quite some time before Spitzer cracked down. Brown & Brown was not accused of engaging in the practice but its stock, nevertheless, traded down in sympathy with companies such as Marsh & McLennan who willingly accepted bribes.



Pricing Power

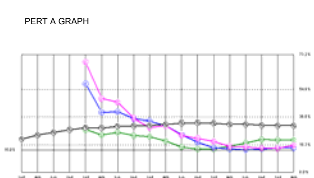
As a result of the hurricanes, Hyatt Brown and his colleagues expected that the capacity for writing commercial insurance in Florida would be reduced. That is occurring to some degree but it isn't crimping agency profits. "Pricing is edging up a little and we're seeing some additional changes in terms and conditions such as increased deductibles," he admitted.

Capacity is shrinking in the Florida homeowners market. In many cases, the only insurer who is writing homeowners' insurance is the Citizen Insurance Company, which is run by the state of Florida. In California, for a period of almost two years, Workers Compensation was very tight, meaning capacity wasn't available. All of a sudden, it's becoming more competitive as more insurance companies are willing to write Workers Compensation in the state of California.

The Outlook

Brown & Brown's stated corporate objective is to increase net income per share by at least 15% per year. The intermediate goal is to achieve B-40, that is, $1 billion in revenues and a 40% operating margin. A softening in the market is now less likely because insurance companies will have to pay higher reinsurance premium, their investment yields will remain low compared to historical returns, and their reserves for claims will have to rise to maintain their credit ratings. Good expense control should keep Brown & Brown's operating margins at a high level. While the internal company growth rate is likely to stay at 5 percent, the company's aggressive acquisition strategy should allow it to achieve its growth targets.

Turning to the Stock Selection Guide, I like graphs where the sales, pretax profit and earnings lines are all trending up. I like a company where the insider ownership is fairly high at 21% and where the debt level is manageable at 26%. Considering all the turmoil in the insurance industry, the fourth quarter sales growth of 20.7% and EPS growth of 16.3% were phenomenal.

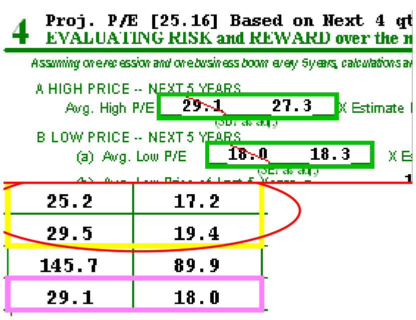


I wish all my PERT graphs looked this good where all the fundamentals are steady! As you can see, pre-tax profit as a percentage of sales has been close to 30% for the past 4 to 5 years.

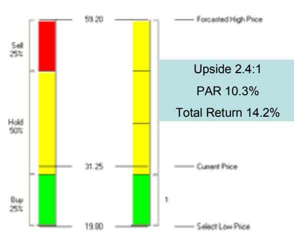
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG	TREND UP	TREND DOWN
23.0	24.6	24.4	25.1	25.7	24.8	29.5	32.0	32.0	31.1	29.9	UP	
24.4	25.1	27.6	26.3	27.3	30.6	21.2	22.0	20.6	19.7	22.8		DOWN

The average rating of the ten analysts who follow the Company is a hold. Firming interest rates are boosting investment returns and higher prices for insurance products are boosting commission income. Yahoo and Reuters project that the company will grow its earnings at a 16% rate over the next five years. I've chosen to follow the company's guidance of 15% to account for uncertainty in underwriting strategies. As you can see, S&P agrees.

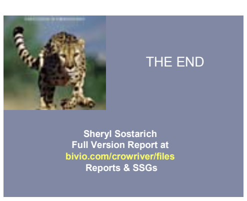
Pretax profit is trending up at 31% while return on equity is trending down but a respectable 19.7%.



Brown & Brown is currently trading at a price/earnings ratio of 29. The five-year average high and low P/Es are 29.1 and 18. I've chosen to average the high and low P/Es for 2005 and 2004 to come up with high and low P/Es of 27.3 and 18.3.



At 25/50/25 zoning and a current price of $31.25, BRO has an upside potential of 2.4 to 1 with a buy below price of $30. That puts the stock outside of our buy range. The projected annual return (PAR) is 10.3% and the total return is 14.2%.



This is not a recommendation. To decide if Brown & Brown is the right investment for you or your club, I encourage you to order an investment packet from the company and listen to the next earnings conference call. A full copy of my stock report is available on the Crow River Investment Club website.

Your questions answered Ssostar@comcast.net

BROWN & BROWN NYSE-BRO

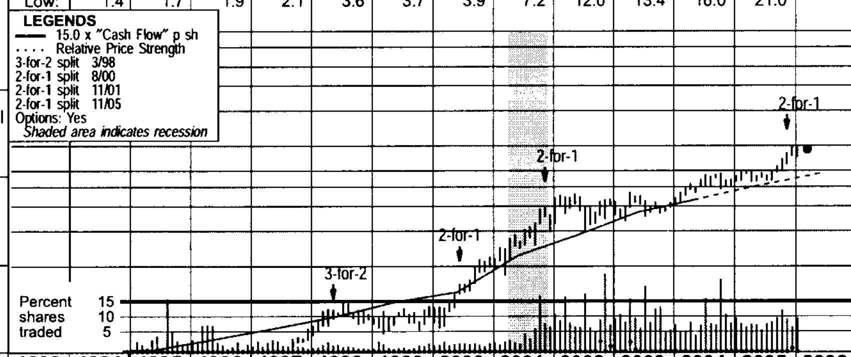
RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	
30.66	27.6 (Trailing: 28.5 / Median: 20.0)	1.43	0.7%	VALUE LINE

TIMELINESS 2 Lowered 2/24/06
SAFETY 2 Raised 5/28/04
TECHNICAL 2 Raised 2/3/06
BETA .80 (1.00 = Market)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
High:	1.9	2.1	2.3	3.9	5.3	5.1	9.0	15.8	18.5	18.8	23.4	31.9
Low:	1.4	1.7	1.9	2.1	3.6	3.7	3.9	7.2	12.0	13.4	16.0	21.0

Target Price Range 2008 | 2009 | 2010

LEGENDS
— 15.0 x "Cash Flow" p sh
.... Relative Price Strength
3-for-2 split 3/98
2-for-1 split 8/00
2-for-1 split 11/01
2-for-1 split 11/05
Options: Yes
Shaded area indicates recession



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+30%)	7%
Low	30	(Nil)	Nil

Insider Decisions

	M	A	M	J	J	A	S	O	N
to Buy	0	1	0	0	0	0	0	0	0
Options	1	0	0	0	0	0	0	0	0
to Sell	1	0	0	1	0	0	1	1	0

Institutional Decisions

	1Q2005	2Q2005	3Q2005
to Buy	79	88	93
to Sell	97	70	82
Hld's(000)	90318	94010	97180

% TOT. RETURN 1/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	33.6	17.8
3 yr.	97.3	102.2
5 yr.	245.8	65.4

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
.72	.79	.77	.81	.94	.97	1.02	1.14	1.23	1.42	1.61	1.80	2.89	3.34	4.02	4.68	5.65	6.50	Revenues per sh	9.00
.10	.13	.14	.12	.15	.19	.20	.23	.26	.30	.36	.40	.60	.77	.99	1.16	1.35	1.55	"Cash Flow" per sh	2.25
.05	.07	.08	.05	.08	.13	.14	.16	.19	.22	.25	.29	.43	.61	.80	.93	1.08	1.25	Earnings per sh A	1.80
.03	.03	.03	.03	.03	.04	.04	.04	.04	.05	.06	.07	.08	.10	.12	.15	.17	.20	Div'ds Decl'd per sh B	.26
.00	.03	.02	.02	.02	.02	.05	.04	.03	.32	.05	.04	.09	.05	.12	.07	.10	.12	Cap'l Spending per sh	.16
.11	.16	.22	.22	.27	.43	.52	.65	.74	.78	.94	1.04	1.39	2.87	3.63	4.51	5.50	6.50	Book Value per sh D	10.55
57.28	58.79	60.28	61.25	100.31	102.62	104.18	103.87	104.86	107.98	109.76	116.73	126.39	136.36	137.12	138.32	138.60	140.00	Common Shs Outst'g C	140.00
11.6	10.5	10.9	25.3	19.5	12.7	13.7	13.0	15.3	20.8	17.8	21.4	26.2	25.7	20.0	22.0	22.3		Avg Ann'l P/E Ratio	20.0
.88	.78	.70	1.53	1.15	.83	.92	.81	.88	1.08	1.01	1.39	1.34	1.40	1.14	1.16	1.18		Relative P/E Ratio	1.35
4.3%	3.6%	3.2%	2.9%	2.2%	2.1%	2.1%	2.0%	1.6%	1.1%	1.3%	1.1%	.7%	.6%	.8%	.7%	.7%		Avg Ann'l Div'd Yield	.7%

CAPITAL STRUCTURE as of 9/30/05
Total Debt $269.9 mill. **Due in 5 Yrs** $269.9 mill.
LT Debt $217.5 mill. **LT Interest** $14.8 mill.
(23% of Cap'l)
Leases, Uncapitalized: Annual rentals $24.6 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 139,006,402 shs.
as of 11/9/05
(adjusted for the 2-for-1 stock split paid 11/28/05)
MARKET CAP: $4.3 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
106.4	118.7	129.2	153.8	176.4	209.7	365.0	455.7	551.0	646.9	785.8	910	Revenues ($mill)	1260
32.7%	29.9%	35.3%	30.8%	32.1%	32.3%	32.5%	35.2%	37.3%	37.9%	38.4%	38.5%	Operating Margin	39.0%
6.5	7.5	8.1	9.4	11.8	13.2	22.4	21.3	25.7	31.1	40.0	45.0	Depreciation ($mill)	60.0
14.8	16.5	19.4	23.1	27.2	33.2	53.9	83.1	110.3	128.8	150.6	175	Net Profit ($mill)	250
36.6%	39.0%	38.7%	38.5%	38.5%	38.5%	38.5%	36.6%	37.5%	37.7%	38.3%	39.0%	Income Tax Rate	40.0%
13.9%	13.9%	15.0%	15.0%	15.4%	15.8%	14.8%	18.2%	20.0%	19.9%	19.2%	19.2%	Net Profit Margin	19.8%
10.8	5.7	14.9	3.1	d6.6	4.3	d50.1	34.6	42.0	174.9	36.9	60.0	Working Cap'l ($mill)	100
7.0	5.3	4.1	17.2	3.9	2.7	78.2	57.6	41.1	227.1	214.2	220	Long-Term Debt ($mill)	220
54.4	67.3	77.1	84.2	103.0	121.9	175.3	391.6	498.0	624.3	764.3	910	Shr. Equity ($mill)	1485
28.2%	23.4%	24.5%	23.0%	25.7%	26.9%	22.4%	19.0%	20.8%	15.6%	16.0%	15.5%	Return on Total Cap'l	15.0%
27.2%	24.5%	25.1%	27.4%	26.4%	27.2%	30.8%	21.2%	22.2%	20.6%	19.7%	19.0%	Return on Shr. Equity	17.0%
19.6%	18.2%	19.1%	20.9%	20.3%	21.0%	25.2%	17.8%	18.8%	17.4%	16.5%	16.0%	Retained to Com Eq	14.5%
28%	26%	24%	24%	23%	23%	18%	16%	15%	16%	16%	16%	All Div'ds to Net Prof	15%

CURRENT POSITION ($MILL.)	2003	2004	9/30/05
Cash Assets	173.5	335.6	312.0
Receivables	146.7	172.4	235.1
Other	23.3	32.0	30.1
Current Assets	343.5	540.0	577.2
Accts Payable	221.9	274.7	408.2
Debt Due	18.7	16.1	50.1
Other	60.9	74.3	76.6
Current Liab.	301.5	365.1	534.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	16.0%	23.0%	14.0%
"Cash Flow"	20.5%	26.0%	15.5%
Earnings	25.0%	29.0%	15.0%
Dividends	13.5%	19.0%	12.0%
Book Value	28.0%	35.0%	22.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2002	111.0	114.9	110.7	119.1	455.7
2003	144.7	137.9	133.5	134.9	551.0
2004	165.6	157.9	160.4	163.0	646.9
2005	202.4	195.9	190.6	196.9	785.8
2006	225	220	230	235	910

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2002	.16	.16	.15	.16	.63
2003	.22	.21	.19	.18	.80
2004	.27	.23	.22	.21	.93
2005	.31	.27	.25	.25	1.08
2006	.31	.30	.32	.32	1.25

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

BUSINESS: Brown & Brown operates an insurance brokerage firm that markets property/casualty products and services to commercial, professional, and individual customers. The company's property insurance protects against physical damage to property and the resultant interruption of business caused by firestorm, windstorm, or other perils. Casualty insurance relates to legal liabilities, workers' compensation, commercial and private automobile insurance, and fidelity and surety insurance. Has about 3,960 empls. Off./ dir. own 20.9% of stock; J. Hyatt Brown, 15.6%; Ruane, Cunniff & Goldfarb, 9.2% (3/05 Proxy). Chairman and CEO: J. Hyatt Brown. Inc. Fl. Address: 220 South Ridgewood Ave., Daytona Beach, FL 32114. Telephone: 386-252-9601. Internet: www.bbinsurance.com.

Brown & Brown has made solid progress of late. Share earnings rose 16% in the most recent year, boosted by steady growth in commissions and fees. 2005 was the 10th consecutive year that the company recorded earnings gains of at least 14%. Acquisitions of small insurance companies also continued to benefit the top line, as the company closed 19 transactions for the year, representing $121 million in forward annual revenues. Moreover, decent revenue gains in the core business were driven by higher sales in the company's insurance services.

We expect the insurance premium rate environment to remain relatively soft in the next few years. Insurance rates across most segments of the industry may not show any special strength in the coming quarters, especially as competition intensifies. This will likely lead to slower growth of commissions and fees at Brown & Brown. On the other hand, acquisitions may serve to lift revenues and offset the softened premium rate environment. Given the company's history, we have factored in a small amount of takeovers into our projections. Meanwhile, ongoing expense controls should help to keep the company's operating margins above 38% in the years ahead.

Prospects over the coming 3 to 5 years are bright. The top and bottom lines will probably advance between 10% and 15% annually during this period, as more synergies are realized through Brown & Brown's takeover strategy. Furthermore, commissions and fees should increase at a decent pace through greater geographic expansion. Underwriting profits may slow down, though, as premium rate hikes decrease.

These good-quality shares are ranked to outperform the broader markets in the next six to 12 months. We think that Brown & Brown's earnings advances over the coming years will be driven by its consolidation capabilities. Additionally, the company generates strong cash flow and has a healthy financial position to support its strategy. Nonetheless, this stock changes hands at a relatively high P/E ratio, and is currently trading within the lower end of our 3- to 5-year Target Price Range.

Randy Shrikishun *February 24, 2006*

(A) Diluted earnings. Next earnings report due mid-April.
(B) Dividend historically paid in mid-February, May, August, and November.
(C) In millions, adjusted for splits.
(D) Includes intangibles. In '04: $653.8 million, $9.49 a share.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	100
Earnings Predictability	90

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

Stock Selection Guide ®

The most widely used aid to good investment judgment

Company BROWN & BROWN INC Iowa   Date 02/24/06
Prepared by Ssostar   Data taken from NAIC Data
Where traded NYSE   Major product/service Insurance B

CAPITALIZATION --- Outstanding Amounts   Reference

Preferred ($M)		0.0	% Insiders		% Institution	
Common (M Shares)		139.4	2,090.0		0.0	
Debt ($M)	269.8	% to Tot.Cap.	26.1	% Potential Dil.	0.3	

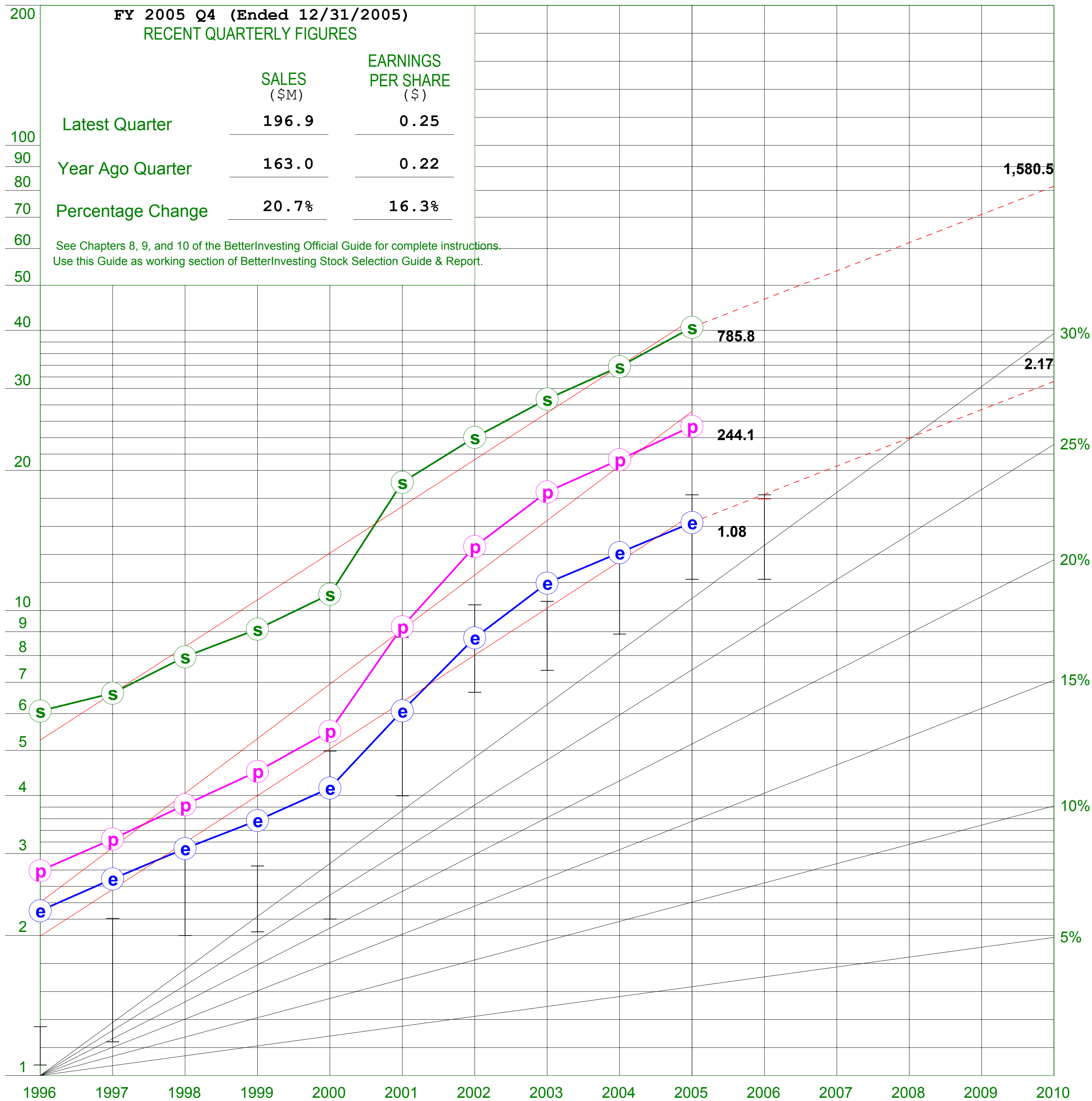
1 VISUAL ANALYSIS of Sales, Earnings and Price

BRO

FY 2005 Q4 (Ended 12/31/2005)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	196.9	0.25
Year Ago Quarter	163.0	0.22
Percentage Change	20.7%	16.3%

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



(1) Historical Sales Growth 26.0 %   (3) Historical Earnings Per Share Growth 26.1 %
(2) Estimated Future Sales Growth 15.0 %   (4) Estimated Future Earnings Per Share Growth 15.0 %

2 EVALUATING MANAGEMENT

Company BROWN & BROWN INC Iowa (BRO) 02/24/06

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

3 PRICE-EARNINGS HISTORY as an indicator of the future

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

PRESENT PRICE 31.250 HIGH THIS YEAR 31.900 LOW THIS YEAR 21.000

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	2001	15.8	7.2	0.43	37.2	16.9	0.080	18.8	1.1
2	2002	18.5	12.0	0.61	30.3	19.7	0.100	16.4	0.8
3	2003	18.8	13.4	0.80	23.5	16.7	0.121	15.1	0.9
4	2004	23.4	16.0	0.93	25.2	17.2	0.145	15.6	0.9
5	2005	31.9	21.0	1.08	29.5	19.4	0.170	15.7	0.8
6	TOTAL		69.6		145.7	89.9		81.6	
7	AVERAGE		13.9		29.1	18.0		16.3	

8 AVERAGE PRICE EARNINGS RATIO 23.6 | 9 CURRENT PRICE EARNINGS RATIO 29.1

Proj. P/E [25.16] Based on Next 4 qtr. EPS [1.24] Current P/E Based on Last 4 qtr. EPS [1.08]
PEG=168

4 EVALUATING RISK and REWARD over the next 5 years

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

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~29.1~~ 27.3 (3D7 as adj.) X Estimate High Earnings/Share 2.17 = Forecast High Price $ 59.2 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~18.0~~ 18.3 (3E7 as adj.) X Estimated Low Earnings/Share 1.08 = $ 19.8

(b) Avg. Low Price of Last 5 Years = 13.9 (3B7)

(c) Recent Severe Market Low Price = 16.0

(d) Price Dividend Will Support Present Divd. / High Yield (H) = 0.200 / 0.011 = 18.0

Selected Estimate Low Price = $ 19.8 (4B1)

C ZONING

59.2 (4A1) High Forecast Price Minus 19.8 (4B1) Low Forecast Price Equals 39.4 (C) Range. 1/3 of Range = 9.9 (4CD)

(4C2) Lower 1/3 = (4B1) 19.8 to 29.7 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 29.7 to 49.3 (Maybe)

(4C4) Upper 1/3 = 49.3 to 59.2 (4A1) (Sell)

Present Market Price of 31.250 is in the Hold (4C5) Range

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

High Price (4A1) 59.2 Minus Present Price 31.250 / Present Price 31.250 Minus Low Price (4B1) 19.8 = 28.0 / 11.5 = 2.4 (4D) To 1

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

High Price (4A1) 59.2 / Present Market Price 31.250 = (1.894) X 100 = (189.4) - 100 = 89.4 (4E) % Appreciation

Relative Value: 123.3% Proj. Relative Value: 106.6%

5 5-YEAR POTENTIAL

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

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

A Present Full Year's Dividend $ 0.200 / Present Price of Stock $ 31.250 = 0.006 X 100 = 0.6 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 1.64 X Avg. % Payout (3G7) 16.3 = 26.7 / Present Price $ 31.250 = 0.9 (5B) %

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 89.4 / 5 = 17.9 %

Average Yield (5B) 0.9 %

Average Total Annual Return Over the Next 5 Years (5C) 18.8 %

	P.A.R.	Tot. Ret.
Average Yield	0.7%	0.6%
Annual Appreciation	9.6%	13.6%
% Compd Ann Rate of Ret	10.3%	14.2%

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