

# Broker Channel Check

We recently had meetings with management from Arthur J. Gallagher & Co. and Brown & Brown, Inc. In summary, both companies will benefit going forward from increasing levels of acquisitions. In addition, pockets of flattening or improving rates in Florida and Southeast property markets could be moderately positive going forward.

- **Exposure impact:** There was actually conflicting commentary between the two firms. Gallagher was more positive on exposures than Brown & Brown. This likely reflects Brown's concentration in the depressed Florida and Western economies.
- **P&C rates:** Both brokers were firm in their view that middle-market property-and-casualty (P&C) rates are still negative. Rates on new business are less negative than they were in 2010, but the market still appears to lack discipline to even hold rates flat.
- **Acquisitions:** The brokers are on pace for the highest level of deals in several years. The pace of deals shows no sign of slowing and should remain strong for the remainder of the year.
- **Florida homeowner's rates:** The recent Florida bill should help to increase homeowners' rates and push premiums from Citizens (a state-run pool) to the private market. This is a plus for Brown and the property catastrophe reinsurers.
- **E&S coastal property:** There are signs that the coastal property market is getting better, likely related to pressure from RMS models.

**Bottom line:** We like the long-term prospects for both AJG and BRO. Our Market Perform ratings on the stocks reflect our belief that valuations are moderately ahead of 2011 earnings. We would be more constructive on the stocks if continued acquisition activity translates into upside to our 2012 earnings estimates.

## Financial: Insurance Brokers

May 19, 2011

### Arthur J. Gallagher & Co.

Stock Rating: **Market Perform**  
 Company Profile: **Established Growth**  
 Symbol: **AJG (NYSE)**  
 Price: **\$29.07 (52-Wk.: \$24-\$32)**

### Aon Corporation

Stock Rating: **Outperform**  
 Company Profile: **Established Growth**  
 Symbol: **AON (NYSE)**  
 Price: **\$52.47 (52-Wk.: \$35-\$55)**

### Brown & Brown, Inc.

Stock Rating: **Market Perform**  
 Company Profile: **Established Growth**  
 Symbol: **BRO (NYSE)**  
 Price: **\$26.25 (52-Wk.: \$19-\$27)**

### Marsh & McLennan Companies, Inc.

Stock Rating: **Market Perform**  
 Company Profile: **Established Growth**  
 Symbol: **MMC (NYSE)**  
 Price: **\$30.31 (52-Wk.: \$20-\$31)**

### Willis Group Holdings Public Limited Company

Stock Rating: **Outperform**  
 Company Profile: **Established Growth**  
 Symbol: **WSH (NYSE)**  
 Price: **\$40.27 (52-Wk.: \$29-\$42)**

Adam Klauber, CFA  
 312.364.8232  
 aklauber@williamblair.com

John Thomas  
 312.364.8430  
 jthomas@williamblair.com

Chris Leikhim  
 312.364.8943  
 cleikhim@williamblair.com

			Insurance Brokers Valuation Comparison											
			GAAP EPS			GAAP P/E			Cash P/E			EV / EBITDA		
Ticker	Rating	Price	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E
AON	O	53.06	\$3.07	\$3.35	\$3.95	17.3x	15.8x	13.4x	16.1x	14.4x	10.9x	10.2x	7.5x	6.8x
AJG	M	29.63	\$1.36	\$1.35	\$1.60	21.7x	22.0x	18.5x	15.9x	17.0x	14.7x	10.8x	9.1x	8.0x
BRO	M	25.72	\$1.13	\$1.17	\$1.32	22.8x	22.0x	19.5x	17.3x	16.7x	15.0x	10.6x	10.1x	9.2x
MMC	M	30.12	\$1.66	\$1.88	\$2.17	18.2x	16.0x	13.9x	17.5x	15.3x	13.2x	9.4x	8.6x	7.9x
WSH	O	40.86	\$2.69	\$2.87	\$3.60	15.2x	14.2x	11.4x	13.4x	19.8x	10.5x	9.9x	9.4x	8.0x
Average						19.0x	18.0x	15.3x	16.0x	16.6x	12.9x	10.2x	9.0x	8.0x
Median						18.2x	16.0x	13.9x	16.1x	16.7x	13.2x	10.2x	9.1x	8.0x

Sources: Company reports, Thomson One, and William Blair & Company L.L.C.

## Arthur J. Gallagher

### Brokerage market environment:

The P&C industry appears to be moving beyond the bottom of the cycle. Corporations are beginning to feel healthier, and the rate environment feels similar to that experienced in 1998-1999, before the last cycle turn. Highlights from the discussion include:

- Recent comments from P&C carriers regarding further price decreases:
  - “Already too low, can’t go any lower”
  - “Enough is enough”
- A new business renewal spread still exists in the marketplace: Broker’s clients looking for 3%-5% lower rates for renewal, if not they can still go to the market and get 5%-7% lower.
- Cash flows appear to be decreasing across the P&C industry.
- Workers’ comp in California, Florida, and Illinois is starting to turn; loss ratios for key carriers are inadequate (combined ratios running in the 115-120 range last year)
- In the property marketplace, new RMS models seem to be having some effect. Florida will be a great market to watch as it tends to get harder first.

### Wholesale market environment:

The wholesale market appears to be getting healthier, but lots of turnover/turmoil persists in the industry. Highlights from the discussion include:

- Margins in the industry are somewhat weak, much worse than 5 years ago. We should see margin improvement as markets begin to turn.
- The standard insurance markets are starting to gain some E&S business, particularly in April. It is likely that the biggest carriers are trying to recoup some of their large first-quarter losses by writing additional premium.
- Recent international catastrophes that have dominated the headlines over the first four months of 2010 should have a big impact on domestic reinsurance rates.
- Current excess and surplus market conditions:
  - The property market has been fairly stable thus far
  - The catastrophe market is beginning to see evidence of rate increases:

- Catastrophe losses of \$70 billion to \$75 billion so far this year, and numbers continue to be revised upward.
- High loss ratios for reinsurers (150+ in some cases).
- Casualty rates are similar to rates seen 15 years ago (i.e., low). Barely any movement for this line.
- Workers' comp rates are starting to increase, particularly in Florida, Illinois, and California.

## **Brown & Brown**

### **Market environment to remain a challenge:**

Brown, which has significant exposure to depressed Florida and West Coast economies, has yet to see much of a rebound in these markets. The company was not as bullish on the economy as some of the other brokers. The company's audits and exposures coming in still don't reflect an improving economy. They expect organic growth to be negative in the second quarter, and possibly flat to slightly positive in the second half of the year.

- There have been minor improvements in exposure, but these mainly consist of smaller declines as opposed to exposures picking back up. The company's core middle-market clients' performance appears choppy than the economy's performance as a whole, and they expect that to continue for some time.
- Renewals are one of the key periods to assess the trends with exposure units. As policies have come up for renewal this spring, there has been little evidence of any increases. There are still significant headwinds facing the economy, and particularly for Brown, high levels of unemployment remain one of the key drags on organic growth.

### **Florida homeowner's rates to increase:**

Florida homeowners rates should rise going forward and market share should shift from Citizens (a state-run pool) to the private insurance market. On May 17, Florida Governor Rick Scott signed SB 408 into law, which is a first step into making the private Florida homeowners' marketplace more competitive.

- Citizens Property Insurance is a State of Florida-backed insurance organization that underwrites 15% of the homeowners' policies in Florida. Citizens was created to function as a market of last resort for homeowners who couldn't access the standard insurance market. But with below market rates, Citizens has effectively become the market of first resort for many homeowners.
- Brown suggested that the rates Citizen had charged over the past few years were well below the private market. With the election of Governor Scott last year, rates were moved up 10% in 2010 and another 10% in 2011, but the industry is still in trouble. The end-goal for those involved in the market in Florida is to shift homeowners' insurance back toward the standard, private market, and decrease the state's dependence on the Citizen's marketplace.
- Key points of the new bill include:
  - Allows insurance companies to limit sinkhole coverage to primary structures
  - Allows insurance companies to increase rates by up to 15 percent to cover reinsurance costs
  - Shortens the time policyholders have to file claims to 2 years for sinkhole claims and 3 years for hurricane claims

- Citizens has also announced that they plan to spend roughly \$585 million on reinsurance during 2011, for coverage of roughly \$7 billion. Of the reinsurance, \$460 million will be purchased through the Florida Hurricane Catastrophe Fund, which it is required to use by state mandate. The other coverage will be purchased from private reinsurers for roughly \$125 million.

**Market Share For Homeowners's Insurance In Florida**

2010 Rank	Entity	Market Share (%)			Direct Premiums Written (\$000)		
		2010	2009	2008	2010	2009	2008
1	Citizens Property Ins Corp.	15.2%	11.4%	14.2%	1,156,647	790,756	1,035,506
2	State Farm Mutl Automobile Ins (SNL P&C Group)	12.9%	12.8%	15.6%	980,589	888,326	1,131,724
3	Universal Insurance Hldgs Inc. (SNL P&C Group)	8.0%	7.3%	6.3%	603,335	507,450	460,146
4	Tower Hill Group (SNL P&C Group)	6.7%	6.4%	6.6%	505,977	447,129	482,808
5	USAA Insurance Group (SNL P&C Group)	4.6%	5.0%	4.5%	350,801	347,315	323,580
6	St. Johns Insurance Co.	3.3%	3.9%	3.8%	248,125	269,871	278,742
7	Allstate Corp. (SNL P&C Group)	3.1%	2.7%	2.9%	231,765	190,906	211,348
8	ARX Holding Corp. (SNL P&C Group)	2.8%	2.9%	2.6%	215,927	201,690	188,451
9	Florida Peninsula Holdings LLC (SNL P&C Group)	2.8%	3.2%	2.7%	209,503	225,467	199,497
10	American International Group (SNL P&C Group)	2.4%	2.6%	2.4%	184,499	180,432	174,636
<b>TOTALS</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>7,593,853</b>	<b>6,958,057</b>	<b>7,272,357</b>

Source: SNL

**Acquisition activity remains robust:**

Brown & Brown has completed 12 acquisitions year to date, with annualized revenues of \$44 million. This compares to 22 acquisitions and \$71 million in annualized revenues in 2010. The acquisition pipeline for the rest of the year is strong, and we think it is possible that annualized revenues acquired in 2011 will exceed \$100 million.

- Brown & Brown is currently paying 6-7 times EBITA, with 75% up front and 25% in an earnout period of 1-3 years. Most if not all deals have been cash, and this is likely to continue going forward.
- The company believes that other banks would like to get out of the insurance broker business and will eventually sell. An example of a bank selling is the recent acquisition of First Horizon Insurance Group from First Tennessee Bank, which consists of \$14.8 million in annualized revenues.

**A.J. Gallagher & Co.  
Earnings Model**

	2009	Q1'10	Q2'10	Q3'10	Q4'10	2010	Q1'11	Q2'11E	Q3'11E	Q4'11E	2011E	2012E
<b>TOTAL COMPANY</b>												
Commissions	\$1,003.7	\$232.9	\$276.3	\$271.6	\$259.4	\$1,040.2	\$256.0	\$298.1	\$292.6	\$283.5	\$1,130.1	\$1,229.2
% change	9%	0%	3%	7%	4%	4%	10%	8%	8%	9%	9%	9%
Fees	\$708.0	\$165.0	\$179.4	\$185.7	\$204.9	\$735.0	\$189.0	\$200.1	\$206.8	\$224.9	\$820.9	\$876.8
% change	3%	3%	-1%	2%	11%	4%	15%	12%	11%	10%	12%	7%
Investment Income - Fiduciary	\$17.7	\$1.4	\$2.1	\$1.6	\$1.8	\$6.9	\$1.9	\$2.7	\$2.7	\$2.7	\$10.0	\$11.0
% change	-57%	-82%	-58%	-48%	-10%	-61%	36%	29%	69%	50%	45%	10%
Investment Income - All Other	\$0.5	\$62.7	\$2.4	\$1.0	(\$1.2)	\$64.9	\$0.0	\$1.0	\$3.0	\$5.0	\$9.0	\$25.0
% change	-38%					12880%					-86%	178%
Investment Gains (Losses)	(\$0.6)	\$4.8	(\$1.3)	(\$0.5)	(\$6.4)	(\$3.4)	(\$0.6)	(\$0.6)	(\$0.6)	(\$0.6)	(\$2.4)	(\$2.4)
% change												
Gross Revenues	\$1,729.3	\$466.8	\$458.9	\$459.4	\$458.5	\$1,843.6	\$446.3	\$501.3	\$504.5	\$515.5	\$1,967.6	\$2,139.7
% change	5%	16%	1%	5%	5%	7%	-4%	9%	10%	12%	7%	9%
Less Brokerage	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
% change												
<b>Revenues</b>	<b>\$1,729.3</b>	<b>\$466.8</b>	<b>\$458.9</b>	<b>\$459.4</b>	<b>\$458.5</b>	<b>\$1,843.6</b>	<b>\$446.3</b>	<b>\$501.3</b>	<b>\$504.5</b>	<b>\$515.5</b>	<b>\$1,967.6</b>	<b>\$2,139.7</b>
% change	5%	16%	1%	5%	5%	7%	-4%	9%	10%	12%	7%	9%
Compensation	\$1,061.0	\$258.8	\$270.0	\$272.7	\$290.6	\$1,092.1	\$289.6	\$294.9	\$297.5	\$319.1	\$1,201.1	\$1,288.3
% change	7%	3%	0%	5%	3%	3%	12%	9%	9%	10%	10%	7%
Other Operating	\$327.9	\$78.8	\$82.6	\$84.4	\$88.7	\$334.5	\$92.7	\$90.2	\$87.4	\$95.9	\$366.2	\$392.3
% change	-12%	1%	6%	5%	-3%	2%	18%	9%	4%	8%	9%	7%
Investment Expenses	\$11.1	\$70.7	\$4.6	\$5.8	\$17.2	\$98.3	\$2.0	\$6.7	\$6.7	\$6.7	\$22.1	\$26.8
% change	-	3267%	130%	-3%	1620%	-	-97%	46%	16%	-61%		
Interest	\$28.5	\$8.6	\$8.7	\$8.6	\$8.7	\$34.6	\$9.5	\$9.5	\$9.5	\$9.5	\$38.0	\$38.0
% change		nm	nm	26%	18%		nm	nm	10%	9%		
Depreciation	\$30.6	\$7.7	\$8.0	\$8.3	\$8.3	\$32.3	\$8.1	\$8.1	\$8.1	\$8.1	\$32.4	\$32.4
% change	2%	0%	7%	8%	8%	6%	5%	1%	-2%	-2%		
Amortization	\$57.9	\$13.9	\$14.3	\$14.5	\$15.8	\$58.5	\$16.4	\$16.7	\$16.9	\$17.2	\$67.1	\$71.1
% change	32%	12%	-8%	5%	-2%	1%	18%	16%	17%	9%		
<b>One-Time Items</b>												
<b>Expenses</b>	<b>\$1,517.0</b>	<b>\$438.5</b>	<b>\$388.2</b>	<b>\$394.3</b>	<b>\$429.3</b>	<b>\$1,650.3</b>	<b>\$418.3</b>	<b>\$426.1</b>	<b>\$426.1</b>	<b>\$456.4</b>	<b>\$1,726.9</b>	<b>\$1,848.9</b>
% change	2%	23%	2%	5%	6%	9%	-5%	10%	8%	6%		
Earnings Before Income Taxes	\$212.3	\$28.3	\$70.7	\$65.1	\$29.2	\$193.3	\$28.0	\$75.2	\$78.4	\$59.1	\$240.7	\$290.8
% change	30%	-35%	-5%	3%	-4%	-9%	-1%	6%	20%	102%		
Tax benefit related to Litigation/One-timers												
Provision For Income Taxes	\$78.0	\$7.8	\$24.8	\$22.1	(\$18.9)	\$35.8	\$10.1	\$29.0	\$29.5	\$21.9	\$90.5	\$109.9
Effective Tax Rate	36.7%	28%	35%	34%	-65%	18.5%	36%	39%	38%	37%	37.6%	37.8%
<b>Net Earnings</b>	<b>\$134.3</b>	<b>\$20.5</b>	<b>\$45.9</b>	<b>\$43.0</b>	<b>\$48.1</b>	<b>\$157.5</b>	<b>\$17.9</b>	<b>\$46.2</b>	<b>\$49.0</b>	<b>\$37.1</b>	<b>\$150.3</b>	<b>\$180.9</b>
% change	21%	-28%	5%	3%	148%	17%	-13%	1%	14%	-23%	-5%	20%
<b>Discontinued ops</b>			2.1		\$13.90							
Earnings Per Share	<b>\$1.32</b>	<b>\$0.20</b>	<b>\$0.44</b>	<b>\$0.41</b>	<b>\$0.32</b>	<b>\$1.36</b>	<b>\$0.16</b>	<b>\$0.42</b>	<b>\$0.44</b>	<b>\$0.33</b>	<b>\$1.35</b>	<b>\$1.60</b>
% change	12%	-31%	1%	-1%	68%	3%	-18%	-5%	8%	4%	-1%	19%
Cash EPS	<b>\$1.70</b>	<b>\$0.29</b>	<b>\$0.53</b>	<b>\$0.50</b>	<b>\$0.55</b>	<b>\$1.86</b>	<b>\$0.26</b>	<b>\$0.51</b>	<b>\$0.54</b>	<b>\$0.43</b>	<b>\$1.74</b>	<b>\$2.02</b>
% change	14%	-23%	-2%	0%	85%	9%	-10%	-3%	8%	-21%	-6%	16%
Average Diluted Shares	100,622	102,936	104,648	105,736	107,327	105,099	110,315	111,365	111,765	112,065	111,378	112,678

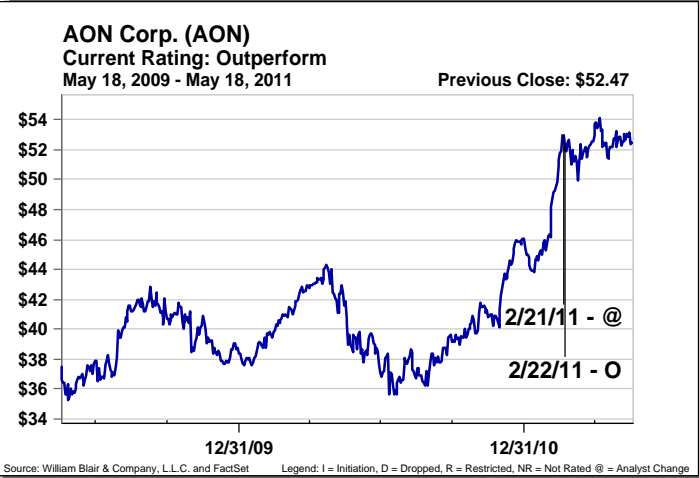
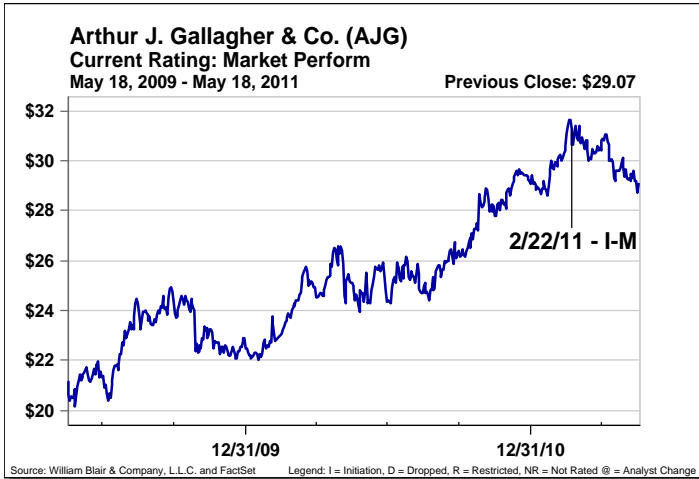
## Brown & Brown Earnings Model

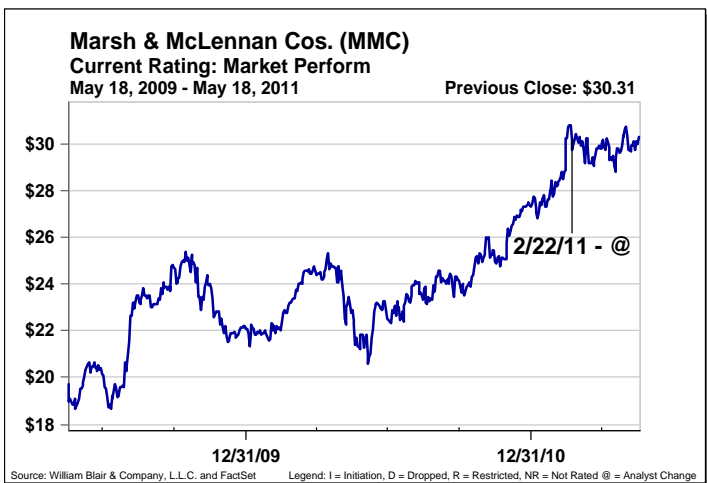
	2006	2007	2008	2009	Q1'10	Q2'10	Q3'10	Q4'10	2010	Q1'11	Q2'11E	Q3'11E	Q4'11E	2011E	2012E
<b>INCOME STATEMENT</b>															
Commissions & Fees	\$864.7	\$914.7	\$966.0	\$964.9	\$250.7	\$241.1	\$246.1	\$229.1	\$966.9	\$261.5	\$254.6	\$262.1	\$246.4	\$1,024.6	\$1,108.9
% change	11%	6%	6%	0%	-5%	-1%	1%	7%	0%	4%	6%	7%	8%	6%	8%
Investment Income	\$11.5	\$30.5	\$6.1	\$1.2	\$0.3	\$0.3	\$0.4	\$0.3	\$1.3	\$0.2	\$0.5	\$0.5	\$0.5	\$1.7	\$2.0
% change	75%	166%	-80%	-81%	0%	-25%	100%	41%	13%	-28%	45%	43%	64%	32%	16%
Other Income	\$1.9	\$14.5	\$5.5	\$1.9	\$1.3	\$2.3	\$1.2	\$0.5	\$5.3	\$0.6	\$0.7	\$0.7	\$0.7	\$2.7	\$2.8
% change	-49%	680%	-62%	-66%	-283%	72%	109%	-17%	185%	-56%	-69%	-42%	28%	-50%	6%
<b>Total Revenues</b>	<b>\$878.0</b>	<b>\$959.7</b>	<b>\$977.6</b>	<b>\$967.9</b>	<b>\$252.3</b>	<b>\$243.7</b>	<b>\$247.7</b>	<b>\$229.9</b>	<b>\$973.5</b>	<b>\$262.2</b>	<b>\$255.8</b>	<b>\$263.3</b>	<b>\$247.6</b>	<b>\$1,028.9</b>	<b>\$1,113.7</b>
% Change	12%	9%	2%	-1%	-4%	-1%	2%	7%	1%	4%	5%	6%	8%	6%	8%
Compensation & Benefits	\$404.9	\$444.1	\$485.8	\$484.7	\$122.2	\$121.4	\$122.0	\$122.3	\$487.8	\$126.6	\$126.4	\$130.2	\$130.3	\$513.5	\$551.6
% change	8%	10%	9%	0%	-4%	-1%	2%	6%	1%	4%	4%	7%	7%	5%	7%
Non-cash stock compensation	\$5.4	\$5.7	\$7.3	\$7.4	\$2.0	\$1.8	\$1.5	\$1.6	\$6.9	\$2.8	\$3.0	\$3.0	\$3.0	\$11.8	\$12.0
% change	62%	5%	29%	1%	8%	5%	-13%	-24%	-7%	42%	69%	100%	86%	72%	2%
Other Operating Expenses	\$126.5	\$131.4	\$137.4	\$143.4	\$35.6	\$33.1	\$31.7	\$34.0	\$134.4	\$36.0	\$32.6	\$33.2	\$41.4	\$143.2	\$152.3
% change	20%	4%	5%	4%	-1%	-7%	-11%	-7%	-6%	1%	-1%	5%	22%	7%	6%
Amortization	\$36.5	\$40.4	\$46.6	\$49.9	\$12.6	\$12.7	\$12.9	\$13.4	\$51.5	\$13.5	\$13.5	\$13.5	\$13.6	\$54.2	\$57.1
% change	10%	11%	15%	7%	1%	1%	3%	7%	3%	8%	7%	5%	2%	5%	5%
Depreciation	\$11.3	\$12.8	\$13.3	\$13.2	\$3.3	\$3.1	\$3.1	\$3.1	\$12.6	\$3.1	\$3.2	\$3.2	\$3.2	\$12.7	\$12.8
% change	13%	13%	4%	0%	-2%	-5%	-7%	-4%	-5%	-4%	2%	3%	2%	1%	1%
Interest	\$13.4	\$13.8	\$14.7	\$14.6	\$3.6	\$3.6	\$3.6	\$3.6	\$14.5	\$3.6	\$3.6	\$3.2	\$3.2	\$13.6	\$12.0
% change	-8%	3%	6%	-1%	-1%	0%	0%	-2%	0%	-1%	-12%	-12%	-12%	-6%	-12%
<b>Total Expenses</b>	<b>\$598.0</b>	<b>\$648.1</b>	<b>\$705.1</b>	<b>\$713.1</b>	<b>\$179.2</b>	<b>\$175.7</b>	<b>\$174.8</b>	<b>\$178.0</b>	<b>\$707.6</b>	<b>\$185.6</b>	<b>\$182.3</b>	<b>\$186.3</b>	<b>\$194.7</b>	<b>\$749.0</b>	<b>\$797.8</b>
% change	10%	8%	9%	1%	-3%	-2%	-1%	3%	-1%	4%	4%	7%	9%	6%	7%
<b>PT Income</b>	<b>\$280.0</b>	<b>\$311.5</b>	<b>\$272.5</b>	<b>\$254.8</b>	<b>\$73.1</b>	<b>\$68.0</b>	<b>\$72.8</b>	<b>\$52.0</b>	<b>\$265.9</b>	<b>\$76.7</b>	<b>\$73.5</b>	<b>\$77.0</b>	<b>\$52.9</b>	<b>\$280.0</b>	<b>\$315.9</b>
% change	15%	11%	-13%	-7%	-8%	2%	8%	27%	4%	5%	8%	6%	2%	5%	13%
Tax	\$107.7	\$120.6	\$106.4	\$101.5	\$29.0	\$26.8	\$28.7	\$19.8	\$104.3	\$30.4	\$29.4	\$30.8	\$21.1	\$111.7	\$126.4
Tax Rate	38.5%	38.7%	39.0%	39.8%	39.6%	39.4%	39.4%	38.1%	39.2%	39.6%	40.0%	40.0%	40.0%	39.9%	40.0%
Minority Interest	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Income</b>	<b>\$172.4</b>	<b>\$191.0</b>	<b>\$166.1</b>	<b>\$153.3</b>	<b>\$44.1</b>	<b>\$41.2</b>	<b>\$44.1</b>	<b>\$32.1</b>	<b>\$161.6</b>	<b>\$46.3</b>	<b>\$44.1</b>	<b>\$46.2</b>	<b>\$31.7</b>	<b>\$168.3</b>	<b>\$189.6</b>
% change	14%	11%	-13%	-8%	-8%	1%	8%	36%	5%	5%	7%	5%	-1%	4%	13%
<b>Cash Income</b>	<b>\$208.8</b>	<b>\$231.4</b>	<b>\$212.8</b>	<b>\$203.2</b>	<b>\$56.7</b>	<b>\$53.8</b>	<b>\$57.0</b>	<b>\$45.5</b>	<b>\$213.0</b>	<b>\$59.8</b>	<b>\$57.6</b>	<b>\$59.7</b>	<b>\$45.3</b>	<b>\$222.4</b>	<b>\$246.7</b>
<b>Operating EPS</b>	<b>\$1.25</b>	<b>\$1.24</b>	<b>\$1.17</b>	<b>\$1.06</b>	<b>\$0.31</b>	<b>\$0.29</b>	<b>\$0.31</b>	<b>\$0.22</b>	<b>\$1.13</b>	<b>\$0.32</b>	<b>\$0.31</b>	<b>\$0.32</b>	<b>\$0.22</b>	<b>\$1.17</b>	<b>\$1.32</b>
% change	16%	0%	-5%	-10%	-9%	1%	8%	34%	7%	3%	6%	4%	-1%	3%	13%
<b>Cash EPS</b>	<b>\$1.51</b>	<b>\$1.53</b>	<b>\$1.50</b>	<b>\$1.40</b>	<b>\$0.40</b>	<b>\$0.38</b>	<b>\$0.40</b>	<b>\$0.31</b>	<b>\$1.49</b>	<b>\$0.41</b>	<b>\$0.40</b>	<b>\$0.42</b>	<b>\$0.32</b>	<b>\$1.54</b>	<b>\$1.71</b>
% change	14%	1%	-1%	-7%	-7%	1%	7%	24%	6%	3%	6%	4%	0%	4%	11%
<b>Operating EPS excl contingents</b>	<b>\$1.04</b>	<b>\$1.10</b>	<b>\$0.93</b>	<b>\$0.87</b>	<b>\$0.17</b>	<b>\$0.26</b>	<b>\$0.27</b>	<b>\$0.20</b>	<b>\$0.90</b>	<b>\$0.20</b>	<b>\$0.29</b>	<b>\$0.29</b>	<b>\$0.20</b>	<b>\$0.97</b>	<b>\$1.12</b>
% change	13%	6%	-15%	-6%	-18%	2%	11%	19%	3%	15%	9%	7%	4%	9%	15%
<b>Cash EPS excluding contingents</b>	<b>\$1.30</b>	<b>\$1.39</b>	<b>\$1.26</b>	<b>\$1.22</b>	<b>\$0.26</b>	<b>\$0.35</b>	<b>\$0.36</b>	<b>\$0.29</b>	<b>\$1.26</b>	<b>\$0.29</b>	<b>\$0.38</b>	<b>\$0.38</b>	<b>\$0.30</b>	<b>\$1.35</b>	<b>\$1.52</b>
% change	12%	7%	-9%	-3%	-13%	1%	9%	15%	3%	12%	8%	6%	4%	7%	12%
Average Diluted Shares	141.0	141.2	141.4	142.3	142.8	142.3	142.3	144.7	143.0	145.7	143.4	143.5	143.7	144.1	144.0
Actual Shares	140.0	140.7	141.5	142.5	142.6	141.9	141.9	143.2	143.2	143.5	143.5	143.8	143.8	143.8	144.4
Dividends Per Share	\$0.20	\$0.20	\$0.23	\$0.29	\$0.08	\$0.08	\$0.08	\$0.08	\$0.31	\$0.08	\$0.05	\$0.05	\$0.05	\$0.32	\$0.32
Dividend Payout Ratio	16.4%	14.8%	19.2%	27.4%	25.1%	26.8%	25.0%	36.0%	27.7%	25.2%	16.3%	15.5%	22.6%	27.4%	24.3%
Reported Book Value	\$6.64	\$7.80	\$8.78	\$9.61	\$9.85	\$10.14	\$10.14	\$10.19	\$10.19	\$10.41	\$10.67	\$10.92	\$11.09	\$11.09	\$12.12
Return on Average Equity (ROE)	20.4%	18.8%	14.2%	11.7%	12.7%	11.6%	12.3%	8.9%	11.4%	12.5%	11.7%	11.9%	8.0%	11.0%	11.3%

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Coverage Universe	Percent	Inv. Banking Relationships*	Percent
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Market Perform (Hold)	31	Market Perform (Hold)	2
Underperform (Sell)	1	Underperform (Sell)	0

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