UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2000

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-7201.

BROWN & BROWN, INC.

(Exact name of Registrant as specified in its charter)

Florida	**59-0864469**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
220 South Ridgewood Avenue, Daytona Beach, FL	**32114**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (904) 252-9601

Registrant's Website: www.bbinsurance.com

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	**New York Stock Exchange**
Rights to Purchase Common Stock	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes **X** No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K **[X]**.

The aggregate market value of the voting stock held by non-affiliates of the Registrant, (i.e., other than directors, officers, or holders of more than 5% of the Registrant's common stock) computed by reference to the last reported price at which the stock was sold on March 2, 2001, was $769,561,402.

The number of shares of the Registrant's common stock, $.10 par value, outstanding as of March 2, 2001 was 29,181,231.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's 2000 Annual Report to Shareholders are incorporated by reference into Parts I and II of this Report. With the exception of those portions which are incorporated by reference, the Registrant's Annual Report to Shareholders is not deemed filed as part of this Report.

Portions of the Registrant's Proxy Statement for the 2001 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

BROWN & BROWN, INC.

FORM 10-K ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2000

PART I

ITEM 1. BUSINESS

General

Brown & Brown, Inc. (the "Company") is a general insurance agency headquartered in Daytona Beach and Tampa, Florida that resulted from an April 28, 1993 business combination involving Poe & Associates, Inc. ("Poe") and Brown & Brown, Inc. ("Brown"). Poe was incorporated in 1958 and Brown commenced business in 1939. The name of the Company following the 1993 combination was Poe & Brown, Inc. and was changed to Brown & Brown, Inc. in 1999.

The Company is a diversified insurance brokerage and agency that markets and sells primarily property and casualty insurance products and services to its clients. Because the Company does

not engage in underwriting activities, it does not assume underwriting risks. Instead, it acts in an agency capacity to provide its customers with targeted, customized risk management products.

The Company is compensated for its services primarily by commissions paid by insurance companies and fees for administration and benefit consulting services. The commission is usually a percentage of the premium paid by an insured. Commission rates generally depend upon the type of insurance, the particular insurance company, and the nature of the services provided by the Company. In some cases, a commission is shared with other agents or brokers who have acted jointly with the Company in a transaction. The Company may also receive from an insurance company a contingent commission that is generally based on the profitability and volume of business placed with it by the Company over a given period of time. Fees are principally generated by the Company's Service Division, which offers administration and benefit consulting services primarily in the workers' compensation and employee benefit markets. The amount of the Company's income from commissions and fees is a function of, among other factors, continued new business production, retention of existing customers, acquisitions, and fluctuations in insurance premium rates and insurable exposure units.

Premium pricing within the property and casualty insurance underwriting industry has been cyclical and has displayed a high degree of volatility based on prevailing economic and competitive conditions. Since the mid-1980s, the property and casualty insurance industry has been in a "soft market" during which the underwriting capacity of insurance companies expanded, stimulating an increase in competition and a decrease in premium rates and related commissions and fees. Significant reductions in premium rates occurred during the years 1987 through 1989 and continued, although to a lesser degree, through 1999. The effect of this softness in rates on the Company's revenues had been somewhat offset by the Company's acquisitions and new business production. As a result of increasing loss ratios of insurance carriers through 1999, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing through the fourth quarter of 2000. Although the premium increases varied by line of business, geographical region, insurance carrier and specific underwriting factors, it was the first time since 1987 that the Company operated in an environment of increased premiums for four consecutive quarters. The Company cannot predict the timing or extent of premium pricing changes as a result of market fluctuations or their effect on the Company's operations in the future.

On January 3, 2001, the Company completed its acquisition of all of the insurance agency business-related assets of Riedman Corporation ("Riedman"), based in Rochester, New York. Simultaneously with this transaction, Brown & Brown of Wyoming, Inc. ("Brown & Brown-Wyoming"), a wholly-owned subsidiary of the Company, acquired all of the insurance agency business-related assets of Riedman Insurance of Wyoming, Inc. ("Riedman-Wyoming"), a wholly-owned subsidiary of Riedman with an office in Cheyenne, Wyoming. Collectively, Riedman and Riedman-Wyoming had over 60 offices in 13 states. These acquisitions, recorded using the purchase method of accounting, were made pursuant to an asset purchase agreement among the Company, Riedman, and Riedman's shareholders, a purchase agreement between the Company and Andrew Meloni, a key employee of Riedman, and a general assignment and bill of sale from Riedman-Wyoming to Brown & Brown-Wyoming. The aggregate consideration for these assets, which is payable in cash in three installments by the Company and Brown & Brown-Wyoming, was equal to approximately 1.55 times Riedman's revenues for the year 2000 less certain Riedman debt related to its prior acquisitions, which was assumed by the Company. The cash consideration paid by the Company and Brown & Brown-Wyoming at closing was approximately $61,566,572.

As of December 31, 2000, the Company's activities were conducted in 39 locations in 12 states; however, with the acquisitions consummated in 2001 (including Riedman), the Company currently has 108 locations in 24 states. Of the 108 locations, 28 are in Florida; 19 in New York; nine in Minnesota; eight in Virginia; seven in Louisiana; five in Colorado; four in South Carolina; three each in Arizona, Georgia and North Dakota; two each in California, Michigan, New Jersey, New Mexico and Texas; and one each in Indiana, Iowa, Nevada, Ohio, Pennsylvania, Tennessee, West Virginia, Wisconsin, and Wyoming. Because a significant amount of the Company's business is concentrated in Arizona, Florida, and New York, the occurrence of adverse economic conditions or an adverse regulatory climate in these states could have a

materially adverse effect on its business, although the Company has not encountered such conditions in the past.

The Company's business is divided into four divisions: (i) the Retail Division; (ii) the National Programs Division; (iii) the Service Division; and (iv) the Brokerage Division. The Retail Division is composed of Company employees who market and sell a broad range of insurance products to insureds. The National Programs Division works with underwriters to develop proprietary insurance programs for specific niche markets. These programs are marketed and sold primarily through independent agencies and agents across the United States. The Company receives an override on the commissions generated by these independent agencies. The Service Division provides insurance-related services such as third-party administration, consultation for workers' compensation and employee benefit markets, and certified managed care and utilization management reviews. The Brokerage Division markets and sells excess and surplus commercial insurance, as well as certain niche programs, primarily through independent agents.

The following table sets forth a summary of (i) the commission and fee revenues realized from each of the Company's operating divisions for each of the three years in the period ended December 31, 2000 (in thousands of dollars), and (ii) the percentage of the Company's total commission and fee revenues represented by each division for each of such periods:

	1998	%	1999	%	2000	%
Retail Division (1)	$115,471	68.9%	$132,518	72.1%	$144,031	70.3%
Brokerage Division	13,200	7.9	14,464	7.9	22,298	10.9
National Programs Division	25,043	14.9	21,983	12.0	20,052	9.8
Service Division	13,818	8.3	14,716	8.0	18,481	9.0
Total	$167,532	100.0%	$183,681	100.0%	$204,862	100.0%

(1) Numbers and percentages have been restated to give effect to the Company's acquisition of the outstanding stock of the following agencies: Daniel-James Insurance Agency and Becky-Lou Realty Limited in 1998; Ampher Insurance, Ross Insurance of Florida, and Signature Insurance Group, as well as the outstanding partnership interests of C,S & D Partnership in 1999; and Bowers, Schumann & Welch, The Flagship Group, WMH and Huffman & Associates, and Mangus Insurance & Bonding in 2000.

Retail Division

The Company's Retail Division operates in twenty-four states and employs approximately 1,720 persons. The Company's retail insurance agency business consists primarily of selling and marketing property and casualty insurance coverages to commercial, professional and, to a limited extent, individual customers. The categories of insurance principally sold by the Company are: *Casualty* insurance relating to legal liabilities, workers' compensation, commercial and private passenger automobile coverages, and fidelity and surety insurance; and *Property* insurance against physical damage to property and resultant interruption of business or extra expense caused by fire, windstorm or other perils. The Company also sells and services all forms of group and individual life, accident, health, hospitalization, medical and dental insurance programs.

No material part of the Company's retail business depends upon a single customer or a few customers. During 2000, fees and commissions received from the Company's largest single Retail Division customer represented less than one percent of the Retail Division's total commission and fee revenues.

In connection with the selling and marketing of insurance coverages, the Company provides a

broad range of related services to its customers, such as risk management surveys and analysis, consultation in connection with placing insurance coverages, and claims processing. The Company believes these services are important factors in securing and retaining customers.

National Programs Division

The Company's National Programs Division tailors insurance products to the needs of a particular professional or trade group, negotiates policy forms, coverages and commission rates with an insurance company and, in certain cases, secures the formal or informal endorsement of the product by a professional association or trade group. Programs are marketed and sold primarily through a national network of independent agencies that solicit customers through advertisements in association publications, direct mailings and personal contact. The Company also markets a variety of these products through certain of its retail offices. Under agency agreements with the insurance companies that underwrite these programs, the Company often has authority to bind coverages, subject to established guidelines, to bill and collect premiums and, in some cases, to process claims.

The Company is committed to ongoing market research and development of new proprietary programs. The Company employs a variety of methods, including interviews with members of various professional and trade groups to which the Company does not presently offer insurance products, to assess the coverage needs of such professional associations and trade groups. If the initial market research is positive, the Company studies the existing and potential competition and locates potential carriers for the program. A proposal is then submitted to and negotiated with a selected carrier and, in some instances, a professional or trade association from which endorsement of the program is sought. New programs are introduced through written communications, personal visits with agents, placements of advertising in trade publications and, where appropriate, participation in trade shows and conventions.

Professional Groups. The professional groups serviced by the National Programs Division include dentists, lawyers, physicians, optometrists and opticians. Set forth below is a brief description of the programs offered to these major professional groups:

· *Dentists*: The largest program marketed by the National Programs Division is a package insurance policy known as the Professional Protector PlanÒ , which provides comprehensive coverage for dentists, including practice protection and professional liability. This program, initiated in 1969, is endorsed by a number of state and local dental societies, and is offered nationally. The Company believes that this program presently insures approximately 20% of the eligible practicing dentists within the Company's marketing territories.

· *Lawyers*: The Company began marketing lawyers' professional liability insurance in 1973, and the national Lawyer's Protector PlanÒ was introduced in 1983. The program is presently offered in 46 states, the District of Columbia and Puerto Rico.

· *Physicians*: The Company markets professional liability insurance for physicians, surgeons, and other health care providers through a program known as the Physicians Protector PlanÒ . The program, initiated in 1980, is currently offered in nine states.

· *Optometrists and Opticians*: The Optometric Protector PlanÒ (OPP) and the Optical Services Protector Plan® (OSPP) were created in 1973 and 1987, respectively, to provide optometrists and opticians with a package of practice and professional liability coverage. These programs insure optometrists and opticians in all 50 states, the District of Columbia and Puerto Rico. The Company believes that presently, the OPP insures approximately 20% of the eligible optometrists within the Company's marketing territories.

Commercial Groups. The commercial groups serviced by the National Programs Division include a number of targeted commercial industries and trade groups. Among the commercial programs are the following:

- *Towing Operators Protector Plan.*® Introduced in 1992, this program provides specialized insurance products to towing and recovery industry operators in 48 states.

- *Automobile Dealers Protector Plan.*® This program insures independent automobile dealers and is currently offered in 49 states. It originated in Florida over 30 years ago through a program still endorsed by the Florida Independent Auto Dealers Association.

- *Manufacturers Protector Plan.*® Introduced in 1997, this program provides specialized coverages for manufacturers, with an emphasis on selected niche markets.

- *Wholesalers & Distributors Preferred Program.*® Introduced in 1997, this program provides property and casualty protection for businesses principally engaged in the wholesale-distribution industry. This program replaced the Company's prior wholesaler-distributor program, which was terminated in 1997 when the Company severed its relationship with the National Association of Wholesaler-Distributors.

- *Railroad Protector Plan.*® Also introduced in 1997, this program is designed for contractors, manufacturers and other entities that service the needs of the railroad industry.

- *Automobile Transporters Protector Plan.*® Introduced in 1996, this program is designed for automobile transporters engaged in the transport of vehicles for automobile auctions, automobile leasing concerns, and automobile and truck dealerships. It is currently offered in 48 states.

- *Environmental Protector Plan.* ® This program was introduced in 1998 and is currently offered in 36 states. It provides a variety of specialized environmental coverages, with an emphasis on municipal Mosquito Control and Water Control Districts.

- *Food Processors Preferred Program.*SM This program, introduced in 1998, provides property and casualty insurance protection for businesses involved in the handling and processing of various foods.

- *Automotive Aftermarket Protector Plan.*® This program, introduced in 1997, is designed for customers in the automotive aftermarket parts manufacturing sector. This includes clients who manufacture items such as motor vehicle parts and accessories, truck trailers, pick-up covers and toppers, transportation equipment and trailer hitches.

- *High-Tech Target Program*SM. This program, introduced in 1999, provides comprehensive insurance coverage for technology businesses ranging from semiconductor manufacturers to website designers. The High-Tech Target Program^{SM} responds to exposures unique to the technology industry by offering a broad range of coverage in all 50 states.

- *Assisted Living Facilities Protector Plan.*® This program, introduced in 1999, is the first in a series of healthcare programs being introduced that specializes in providing insurance programs and specialty markets responding to the critical needs of the healthcare delivery system.

Programs and market alternatives available for healthcare entities include: Home Health Care/Hospice Care; Substance Abuse Rehabilitation Facilities; Physical and Mental Rehabilitation Facilities; Kidney Dialysis Treatment Facilities; Long-Term Care Providers; and Senior/Retirement Housing. All lines of commercial coverage are available through select markets specializing in healthcare property and liability products.

Service Division

The Service Division consists of three separate units: (i) insurance and related services as a third-party administrator ("TPA") and consultant for employee health and welfare benefit plans; (ii) insurance and related services providing comprehensive risk management and third-party administration to insurance entities and self-funded or fully-insured workers' compensation and liability plans; and (iii) certified managed care and utilization management services for both insurance programs and self-funded plans. Services are offered for both employee health and welfare plans, and workers' compensation programs.

In connection with its employee benefit plan administrative services, the Service Division provides TPA services and consulting related to benefit plan design and costing, arrangement for the placement of stop-loss insurance and other employee benefit coverages, and settlement of claims. This Service Division unit also provides utilization management services such as pre-admission review, concurrent/retrospective review, pre-treatment review of certain non-hospital treatment plans, and medical and psychiatric case management. In addition to the administration of self-funded health care plans, this unit offers administration of flexible benefit plans, including plan design, employee communication, enrollment and reporting.

The Service Division's workers' compensation and liability TPA services include claim administration, access to major reinsurance markets, cost containment consulting, services for secondary disability and subrogation recoveries, and risk management services such as loss control. The Service Division provides workers' compensation TPA services for approximately 3,500 employers representing more than $4.1 billion of employee payroll. The Company's largest workers' compensation contract represents approximately 44% of the Company's workers' compensation TPA revenues, or approximately 2.6% of the Company's total commission and fee revenues. In addition, the Service Division provides state-certified managed care services that include medical networks, case management and utilization review services which are certified by the American Accreditation Health Care Commission.

Brokerage Division

The Brokerage Division markets excess and surplus lines and specialty niche insurance products to the Company's Retail Division, as well as to other retail agencies throughout Florida and the southeastern and southwestern United States. The Brokerage Division represents various U.S. and U.K. surplus lines companies and is also a Lloyd's of London correspondent. In addition to surplus lines carriers, the Brokerage Division represents admitted carriers for smaller agencies that do not have access to large insurance carrier representation. Excess and surplus products include commercial automobile, garage, restaurant, builder's risk and inland marine lines. Difficult-to-insure general liability and products liability coverages are a specialty, as is excess workers' compensation. Retail agency business is solicited through mailings and direct contact with retail agency representatives.

The Company has a 75% ownership interest in Florida Intracoastal Underwriters, Limited Company ("FIU") of Miami Lakes, Florida. FIU is a managing general agency that specializes in providing insurance coverages for coastal and inland high-value condominiums and apartments. FIU has developed a unique reinsurance facility to support the underwriting activities associated with these risks.

In 1999, the Company established Champion Underwriters, Inc., a wholly-owned subsidiary based in Ft. Lauderdale, Florida, specializing in the marketing and selling of excess and surplus

commercial insurance. In January 2000, the Company formed, Peachtree Special Risk Brokers, LLC, headquartered in Atlanta, Georgia, of which the Company owns 75%, and which specializes in the marketing and selling of excess and surplus lines property insurance. Also in January 2000, the Company acquired the assets of Program Management Services, a managing general agency offering on a national basis a host of unique property and casualty insurance products, primarily for public entities.

Employees

At December 31, 2000, the Company had 1,614 full-time equivalent employees. After the acquisitions consummated in 2001 (including Riedman), the Company had 2,277 full-time equivalent employees. The Company has contracts with its sales employees that include provisions restricting their right to solicit the Company's customers after termination of employment with the Company. The enforceability of such contracts varies from state to state depending upon state statutes, judicial decisions and factual circumstances. The majority of these contracts are terminable by either party; however, the agreements not to solicit the Company's customers generally continue for a period of two or three years after employment termination.

None of the Company's employees is represented by a labor union, and the Company considers its relations with its employees to be satisfactory.

Competition

The insurance agency business is highly competitive, and numerous firms actively compete with the Company for customers and insurance carriers. Although the Company is the largest insurance agency headquartered in Florida and was ranked, prior to the Riedman acquisition, as the nation's ninth largest insurance agency by *Business Insurance* magazine, a number of firms with substantially greater resources and market presence compete with the Company in Florida and elsewhere. This situation is particularly pronounced outside Florida. Competition in the insurance business is largely based on innovation, quality of service and price.

A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to third-party agents and brokers. In addition, the Internet has become a source for direct placement of personal lines business. To date, such direct writing has had relatively little effect on the Company's operations, primarily because the Company's Retail Division is commercially oriented.

In addition, to the extent that the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 and regulations newly enacted thereunder permit banks, securities firms and insurance companies to affiliate, the financial services industry may experience further consolidation, which in turn could result in increased competition from diversified financial institutions.

Regulation, Licensing and Agency Contracts

The Company or its designated employees must be licensed to act as agents by state regulatory authorities in the states in which the Company conducts business. Regulations and licensing laws vary in individual states and are often complex.

The applicable licensing laws and regulations in all states are subject to amendment or reinterpretation by state regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. The possibility exists that the Company could be excluded or temporarily suspended from carrying on some or all of its activities in, or otherwise subjected to penalties by, a particular state.

ITEM 2. PROPERTIES

ITEM 2. PROPERTIES

The Company leases its executive offices, which are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, and 401 East Jackson Street, Suite 1700, Tampa, Florida 33602. The Company leases offices at every location with the exception of the Ocala, Florida, Opelousas and Ruston, Louisiana, Washington, New Jersey and Dansville, Geneva, Hornell and Penn Yan, New York offices where the Company owns the buildings. There is an outstanding mortgage on the Ocala building of $653,000. There are no outstanding mortgages on the other owned buildings. Information relating to the office locations summarized by business segment under the caption "Business Description" on the inside front cover of the Company's 2000 Annual Report to Shareholders is incorporated herein by reference.

The Company's operating leases expire on various dates. These leases generally contain renewal options and escalation clauses based on increases in the lessors' operating expenses and other charges. The Company expects that most leases will be renewed or replaced upon expiration. From time to time, the Company may have unused space and seek to sublet such space to third parties, depending on the demand for office space in the locations involved. See Note 12 of the "Notes to Consolidated Financial Statements" in the Company's 2000 Annual Report to Shareholders for additional information on the Company's lease commitments.

ITEM 3. LEGAL PROCEEDINGS

On January 19, 2000, a complaint was filed in the Superior Court of Henry County, Georgia, captioned *Gresham & Associates, Inc. vs. Anthony T. Strianese, et al.* The complaint names the Company and certain of its subsidiaries and affiliates, and two of their employees, as defendants. The complaint alleges, among other things, that the Company tortiously interfered with the contractual relationship between the plaintiff and certain of its employees. The plaintiff alleges that the Company hired such persons and actively encouraged them to violate the restrictive covenants contained in their employment agreements with plaintiff. The complaint seeks compensatory damages from the Company with respect to each of the two employees in amounts "not less than $750,000," and seeks punitive damages for alleged intentional wrongdoing in an amount "not less than $10,000,000." The complaint also sought a declaratory judgment regarding the enforceability of the restrictive covenants in the employment agreements and an injunction prohibiting the violation of those agreements. The plaintiff subsequently dismissed these claims, as well as its claims of breach of contract against the two individual employees named as defendants. Those individuals, and Peachtree Special Risk Brokers, LLC, an affiliate of the Company named as a defendant in this action, have filed counterclaims against the plaintiff, seeking damages, and seeking a declaratory judgment holding that the restrictive covenants in the employment agreements are not enforceable. The Company believes that it has meritorious defenses to each of the claims remaining in this action, and intends to contest this action vigorously.

The Company is involved in various other pending or threatened proceedings by or against the Company or one or more of its subsidiaries that involve routine litigation relating to insurance risks placed by the Company and other contractual matters. Management of the Company does not believe that any of such pending or threatened proceedings will have a materially adverse effect on the consolidated financial position or future operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the Company's fourth quarter ended December 31, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange under the symbol "BRO." The number of shareholders of record as of March 2, 2001 was 802, and the closing price per share on that date was $38.95.

The table below sets forth information for each quarter in the last two fiscal years concerning (i) the high and low sales prices for the Company's common stock, and (ii) cash dividends declared per share. The stock prices and dividend rates reflect the three-for-two stock split effected by the Company on February 27, 1998 and the two-for-one stock split effected by the Company on August 23, 2000. Each such stock split was effected as a stock dividend.

	Stock Price Range		
	High -	**Low**	**Cash Dividends Per Share**
2000			
First Quarter	$20.13	$15.63	$.065
Second Quarter	26.22	19.00	.065
Third Quarter	32.00	23.72	.065
Fourth Quarter	35.88	29.75	.075
1999			
First Quarter	19.22	14.66	.055
Second Quarter	19.00	15.19	.055
Third Quarter	19.72	16.60	.055
Fourth Quarter	20.32	15.38	.065

ITEM 6. SELECTED FINANCIAL DATA

Information under the caption "Financial Highlights" on the inside front cover page of the Company's 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 26-29 of the Company's 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest, foreign currency exchange rates, and equity prices. The Company is exposed to market risk through its revolving credit line, term loan, and some of its investments; however, such risk is not considered to be material as of December 31, 2000.

ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
The Consolidated Financial Statements of Brown & Brown, Inc. and its subsidiaries, together with the report thereon of Arthur Andersen LLP appearing on pages 30-47 of the Company's 2000 Annual Report to Shareholders, are incorporated herein by reference.	

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

ITEM 10.	DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information contained under the captions "Management" and "Section 16(a) Beneficial Ownership Reporting Compliance" on pages 4-7 of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information contained under the captions "Executive Compensation" and "Performance Graph" on pages 8-12, and page 14, respectively, of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information contained under the caption "Security Ownership of Management and Certain Beneficial Owners" on pages 2-3 of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information contained under the captions "Management - Transactions with Management and Others" and "Executive Compensation - Compensation Committee Interlocks and Insider Participation" on pages 6-7 and 11, respectively, of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements of Brown & Brown, Inc. (incorporated herein by reference from pages 30-47 of the Company's 2000 Annual Report to Shareholders) consisting of:

(a) Consolidated Statements of Income for each of the three years in the period ended December 31, 2000.

(b) Consolidated Balance Sheets as of December 31, 2000 and 1999.

(c) Consolidated Statements of Shareholders' Equity for each of the three years in the period ended December 31, 2000.

(d) Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2000.

(e) Notes to Consolidated Financial Statements.

(f) Report of Independent Certified Public Accountants.

2. Consolidated Financial Statement Schedules. The Consolidated Financial Statement Schedules are omitted because they are not applicable.

EXHIBITS

3a Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended September 30, 1998).

3b Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 1996).

4a Amended and Restated Revolving and Term Loan Agreement dated January 3, 2001 by and between the Registrant and SunTrust Bank.

10a(1) Asset Purchase Agreement dated September 11, 1999, by and among the Registrant, Riedman Corporation, and Riedman Corporation's shareholders (incorporated by reference to Exhibit 10a to Form 10-Q filed on November 13, 2000).

10a(2) First Amendment to Asset Purchase Agreement, dated January 3, 2001, among the Registrant, Riedman Corporation, and Riedman Corporation's shareholders (incorporated by reference to Exhibit 10(b) to Form 8-K filed on January 18, 2001).

10a(3) General Assignment and Bill of Sale, dated January 1, 2001, from Riedman Insurance of Wyoming, Inc. to Brown & Brown of Wyoming, Inc. (incorporated by reference to Exhibit 10(c) to Form 8-K filed on January 18, 2001).

10b(1) Lease of the Registrant for office space at 220 South Ridgewood Avenue, Daytona Beach, Florida dated August 15, 1987 (incorporated by reference to Exhibit 10a(3) to Form 10-K for the year ended December 31, 1993).

10b(2) Lease Agreement for office space at SunTrust Financial Centre, Tampa, Florida, dated February 1995, between Southeast Financial Center Associates, as landlord, and the Registrant, as tenant (incorporated by reference to Exhibit 10a(4) to Form 10-K for the year ended December 31, 1994).

10b(3) Lease Agreement for office space at Riedman Tower, Rochester, New York, dated January 3, 2001, between Riedman Corporation, as landlord, and the Registrant, as tenant.

10c(1) Loan Agreement between Continental Casualty Company and the Registrant dated August 23, 1991 (incorporated by reference to Exhibit 10d to Form 10-K for the year ended December 31, 1991).

10c(2) Extension to Loan Agreement, dated August 1, 1998, between the Registrant and Continental Casualty Company (incorporated by reference to Exhibit 10c(2) to Form 10-Q for the quarter ended September 30, 1998).

10d Indemnity Agreement dated January 1, 1979, among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10g to Registration Statement No. 33-58090 on Form S-4).

10e Agency Agreement dated January 1, 1979 among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10h to Registration Statement No. 33-58090 on Form S-4).

10f(1) Deferred Compensation Agreement, dated May 6, 1998, between Brown & Brown, Inc. and Kenneth E. Hill (incorporated by reference to Exhibit 10l to Form 10-Q for the quarter ended September 30, 1998).

10f(2) Letter Agreement, dated May 6, 1998, between Brown & Brown, Inc. and Kenneth E. Hill (incorporated by reference to Exhibit 10m to Form 10-Q for the quarter ended September 30, 1998).

10g Employment Agreement, dated as of July 29, 1999, between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10f to Form 10-K for the year ended 12/31/99).

10h Portions of Employment Agreement, dated April 28, 1993 between the Registrant and Jim W. Henderson (incorporated by reference to Exhibit 10m to Form 10-K for the year ended December 31, 1993).

10i Employment Agreement, dated May 6, 1998 between the Registrant and Kenneth E. Hill (incorporated by reference to Exhibit 10k to Form 10-Q for the quarter ended September 30, 1998).

10j Employment Agreement, dated January 3, 2001 between the Registrant and John R. Riedman.

10k Noncompetition, Nonsolicitation and Confidentiality Agreement, effective as of January 1, 2001 between the Registrant and John R. Riedman.

10l(1) Registrant's 2000 Incentive Stock Option Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-43018 on Form S-8 filed on August 3, 2000).

10l(2) Registrant's Stock Performance Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-14925 on Form S-8).

10m Rights Agreement, dated as of July 30, 1999, between the Company and First Union National Bank, as Rights Agent (incorporated by reference to Exhibit 4.1 to Form 8-K filed on August 2, 1999).

11 Statement Re: Computation of Basic and Diluted Earnings Per Share.

13 Portions of Registrant's 2000 Annual Report to Shareholders (not deemed "filed" under the Securities Exchange Act of 1934, except for those portions specifically incorporated by reference herein).

21 Subsidiaries of the Registrant.

23 Consent of Arthur Andersen LLP.

24a Powers of Attorney pursuant to which this Form 10-K has been signed on behalf of certain directors and officers of the Registrant.

24b Resolutions of the Registrant's Board of Directors, certified by the Secretary.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BROWN & BROWN, INC.

Registrant

By: *

J. Hyatt Brown

Chief Executive Officer

Date: March 14, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	**Title**	**Date**
*	Chairman of the Board, President	March 14, 2001
J. Hyatt Brown	and Chief Executive Officer	
	(Principal Executive Officer)	
*	Director	March 14, 2001
Samuel P. Bell, III		
*	Director	March 14, 2001
Bradley Currey, Jr.		
*	Director	March 14, 2001
Jim W. Henderson		
*	Director	March 14, 2001
David H. Hughes		
*	Director	March 14, 2001
Theodore J. Hoepner		
*	Director	March 14, 2001
Toni Jennings		
*	Director	March 14, 2001
John R. Riedman		

*	Director	March 14, 2001
Jan E. Smith		
*	Vice President, Treasurer and	March 14, 2001
Cory T. Walker	Chief Financial Officer (Principal Financial and Accounting Officer)	

*By: /S/ LAUREL L. GRAMMIG

Laurel L. Grammig

Attorney-in-Fact

EXHIBIT 4a

PTC-2

12-23-00

Execution Copy

AMENDED AND RESTATED REVOLVING AND TERM LOAN AGREEMENT

Dated as of January 3, 2001

By And Among

BROWN & BROWN, INC.

and

SUNTRUST BANK

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AMENDED AND RESTATED REVOLVING AND TERM LOAN AGREEMENT

THIS AMENDED AND RESTATED REVOLVING AND TERM LOAN AGREEMENT, dated as of January 3, 2001 (this "**Agreement**"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (f/k/a **POE & BROWN, INC.**) (the "**Borrower**"), and **SUNTRUST BANK**, a Georgia corporation (successor by merger and name change to **SUN BANK, NATIONAL ASSOCIATION**, a national banking association) (the "**Lender**").

WITNESSETH:

WHEREAS, on or about October 15, 2000, the Borrower and the Lender entered into that certain Amended and Restated Revolving Loan Agreement (the "**Initial Loan Agreement**") pursuant to which Lender agreed to extend to the Borrower a revolving loan (the "**Revolving Loan**") up to the maximum amount of $50,000,000.00; and

WHEREAS, separate and apart from the Revolving Loan provided for in the Initial Loan Agreement, the Borrower has requested the Lender to extend to the Borrower a term loan (the "**Term Loan**") in the amount of $90,000,000.00 and the Lender is prepared to do so in accordance with the terms and conditions of this Agreement, which Agreement amends and restates in its entirety the Initial Loan Agreement.

NOW, THEREFORE, in consideration of the mutual covenants made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1 Definitions. As used in this Agreement, and in any instrument, certificate, document or report delivered pursuant thereto, the following terms shall have the following meanings (to be equally applicable to both the singular and plural forms of the term defined):

"Advance" shall mean any principal amount advanced and remaining outstanding at any time under (i) the Revolving Loan, or (ii) the Term Loan, as the case may be (in either case, which Advance shall be made or outstanding as a Base Rate Advance or Eurodollar Advance).

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by, or under common control with, such Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by", and "under common control with") as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person.

"Agreement" shall mean this Amended and Restated Revolving and Term Loan Agreement, as originally executed and as it may be from time to time supplemented, amended, restated, renewed or extended and in effect.

"**Applicable Margin**" shall mean:

(a) 0.00% for a Base Rate Advance;

(b) For a Revolving Loan, until March 31, 2001, 0.45% for a Eurodollar Advance. On and after December 31, 2000, the Applicable Margin for a Eurodollar Advance shall be the percentage designated below based on the Borrower's Funded Debt to EBITDA Ratio, measured quarterly:

Funded Debt/EBITDA Ratio	>2.0:1.0	>1.50:1.0 but <2.0:1.0	>1.0:1.0 but <1.5:1.0	<1.0:1.0
LIBOR Spread	1.0%	0.75%	0.55%	0.45%
Availability Fee	0.25%	0.20%	0.175%	0.15%

(c) For a Term Loan, until March 31, 2001, 0.50% for a Eurodollar Advance. On and after March 31, 2001, the Applicable Margin for a Eurodollar Advance shall be the percentage designated below based on the Borrower's Funded Debt to EBITDA Ratio, measured quarterly:

Funded Debt/EBITDA Ratio	>2.0:1.0	>1.50:1.0 but <2.0:1.0	>1.0:1.0 but <1.5:1.0	<1.0:1.0
LIBOR Spread	1.0%	0.75%	0.625%	0.50%

provided, **however**, that adjustments, if any, to the Applicable Margin based on changes in the Ratio set forth above shall be made and become effective on the first day of the second fiscal quarter after the Statement Date.

"**Asset Value**" shall mean, with respect to any property or asset of any Consolidated Company as of any particular date, an amount equal to the greater of (a) the then book value of such property or asset as established in accordance with GAAP, and (b) the then fair market value of such property or asset as determined in good faith by the board of directors of such Consolidated Company.

"**Availability Fee**" shall mean a per annum fee based upon the unused portion of the Revolving Loan Commitment of the Lender. Such fee shall be based upon the Borrower's Funded Debt to EBITDA Ratio as set forth in the chart under "**Applicable Margin**", which Fee is to be based (calculated on an actual/360 day year) on the average daily unused portion of the Revolving Loan Commitment, and shall be payable to the Lender quarterly in arrears on the last calendar day of each fiscal quarter of Borrower and on the Maturity Date.

"**Bankruptcy Code**" shall mean The Bankruptcy Code of 1978, as amended and in effect from time to time (11 U.S.C. Section 101 et seq.).

"**Base Advance Rate**" shall mean, with respect to a Base Rate Advance, the rate obtained by adding (A) the Base Rate, and (B) the Applicable Margin for a Base Rate Advance.

"**Base Rate**" shall mean the rate which the Lender designates from time to time to be its prime lending rate, as in effect from time to time. The Lender's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate charged to its customers; the Lender may make commercial loans or other loans at rates of interest at, above or below the Lender's prime lending rate.

"**Base Rate Advance**" shall mean an Advance bearing interest based on the Base Rate.

"**Base Rate Loan**" shall mean a Loan which bears interest at the Base Advance Rate.

"**Borrowing**" shall mean the making of a Loan, the extension of an Advance, or the conversion of a Loan of one Type into a Loan of another Type.

"**Business Day**" shall mean, with respect to Eurodollar Advances, any day other than a day on which commercial banks are closed or required to be closed for domestic and international business, including dealings in Dollar deposits on the London Interbank Market, and with respect to all other Loans and matters, any day other than Saturday, Sunday and a day on which commercial banks are required to be closed for business in Orlando, Florida.

"**Capital**" shall mean the sum of Funded Debt and Consolidated Net Worth of the Consolidated Companies.

"**Capitalized Lease Obligations**" shall mean all lease obligations which have been or are required to be, in accordance with GAAP, capitalized on the books of the lessee.

"**Capital Stock**" of any Person shall mean any shares, equity or profits interests, participations or other equivalents (however designated) of capital stock and any rights, warrants or options, or other securities convertible into or exercisable or exchangeable for any such shares, equity or profits interest, participations or other equivalents, directly or indirectly (or any equivalent ownership interest, in the case of a Person which is not a Corporation.

"**CERCLA**" has the meaning set forth in **Section 6.15(a)** of this Agreement.

"**Closing Date**" shall mean the date of this Agreement.

"**Closing Fees**" shall mean the fees paid by the Borrower to the Lender as otherwise agreed.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"**Consolidated Companies**" shall mean, collectively, Borrower and all of its Subsidiaries.

"**Consolidated EBITDA**" shall mean, for any fiscal period of the Borrower, an amount equal to the sum of (a) the Consolidated Net Income (Loss), **plus** (b) to the extent deducted in determining Consolidated Net Income (Loss), (i) provisions for taxes based on income, and (ii) Consolidated Interest Expense, for the Consolidated Companies, **less** (c) gains on sales of assets (excluding sales in the ordinary course of business) and other extraordinary gains and other one-time non-cash gains, all as determined in accordance with GAAP.

"**Consolidated EBITDA**" shall mean, for any fiscal period of the Borrower, an amount equal to the sum of (a) the Consolidated EBITDA, **plus** (b)(i) depreciation and (ii) amortization of the Consolidated Companies, **plus** (c) non-cash charges to the extent deducted in determining Consolidated Net Income, all as determined for the Consolidated Companies in accordance with GAAP.

"**Consolidated Net Income (Loss)**" shall mean, for any fiscal period of Borrower, the net income (or loss) of the Consolidated Companies on a consolidated basis for such period (taken as a single accounting period) determined in conformity with GAAP; **provided that** there shall be excluded therefrom (a) any items of gain or loss, together with any related provision for taxes, which were included in determining such consolidated net income and were not realized in the ordinary course of business or the result of

a sale of assets other than in the ordinary course of business; and (b) the income (or loss) of any Person accrued prior to the date such Person becomes a Subsidiary of Borrower or (in the case of a Person other than a Subsidiary) is merged into or consolidated with any Consolidated Company, or such Person's assets are acquired by any Consolidated Company.

"Consolidated Net Worth" shall mean as of the date of determination, the Borrower's Shareholders' Equity as determined in accordance with GAAP.

"**Consolidated Subsidiary**" shall mean, as at any particular time, any corporation included as a Consolidated Subsidiary of Borrower in Borrower's most recent financial statements furnished to its stockholders and certified by Borrower's independent public accountants.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property owned by it is bound.

"**Contribution Agreement**" means that certain Amended and Restated Contribution Agreement dated the date hereof by and among the Guarantors, in form acceptable to the Lender.

"Credit Documents" shall mean, collectively, this Agreement, the Notes, the Guaranty Agreement, and the Contribution Agreement.

"Credit Parties" shall mean, collectively, each of Borrower, the Guarantors, and every other Person who from time to time executes a Credit Document with respect to all or any portion of the Obligations.

"Default" shall mean any condition or event which, with notice or lapse of time or both, would constitute an Event of Default.

"Default Rate" shall mean the rate of interest set forth in **Section 4.3** hereof.

"Dollar" and "U.S. Dollar" and the sign "$" shall mean lawful money of the United States of America.

"Environmental Laws" shall mean all federal, state, local and foreign statutes and codes or regulations, rules or ordinances issued, promulgated, or approved thereunder, now or hereafter in effect (including, without limitation, those with respect to asbestos or asbestos containing material or exposure to asbestos or asbestos containing material), relating to pollution or protection of the environment and relating to public health and safety, relating to (a) emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial toxic or hazardous constituents, substances or wastes, including without limitation, any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any Environmental Law into the environment (including without limitation, ambient air, surface water, ground water, land surface or subsurface strata), (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any Environmental Law, or (c) underground storage tanks and related piping, and emissions, discharges and releases or threatened releases therefrom, such Environmental Laws to include, without limitation (i) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (ii) the Clean Water Act (33 U.S.C. Section 1251 et seq.), (iii) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), (iv) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.) and (v) the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

"ERISA Affiliate" shall mean, with respect to any Person, each trade or business (whether or not incorporated) which is a member of a group of which that Person is a member and which is either within a controlled group of corporations or under common control within the meaning of the regulations promulgated under Section 414 of the Code and the regulations promulgated thereunder.

"Eurodollar Advance" shall mean an Advance bearing interest based on LIBOR.

"Event of Default" shall have the meaning set forth in **Article IX** hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and any successor statute thereto.

"Executive Officer" shall mean with respect to any Person (other than a Guarantor), the President, any Vice President, Chief Financial Officer, Treasurer, Secretary and any Person holding comparable offices or duties, and with respect to a Guarantor, the President, any Vice President or the Treasurer.

"Facility" or "Facilities" shall mean the Revolving Loan Commitment and Revolving Loans or the Term Loan Commitment and Term Loan, as the context may indicate.

"Funded Debt" shall mean all Indebtedness for money borrowed, Indebtedness evidenced or secured by purchase money liens, Capitalized Lease Obligations, conditional sales contracts and similar title retention debt instruments, (regardless of when such Indebtedness matures). The calculation of Funded Debt shall include (without duplication) (a) all Funded Debt of the Consolidated Companies, (b) all Funded Debt of other Persons, other than Subsidiaries, which has been Guaranteed by a Consolidated Company, which is supported by a letter of credit issued for the account of a Consolidated Company, or as to which and to the extent a Consolidated Company or its assets have otherwise become liable for payment thereof, (c) all Indebtedness for money borrowed by

the Consolidated Companies pursuant to lines of credit or revolving credit facilities (regardless of the term thereof), and (d) all Subordinated Debt.

"Funded Debt to EBITDA Ratio" shall mean as of the applicable date, the ratio of (a) Funded Debt to (b) Consolidated EBITDA for the Consolidated Companies, on a consolidated basis.

"Funded Debt to Cash Flow Ratio" shall mean as of the applicable date, the ratio of (a) Funded Debt to (b) Consolidated Net Income (Loss) **plus** depreciation and amortization, for the Consolidated Companies, on a consolidated basis.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Guaranteed Indebtedness" shall mean, as to any Person, any obligation of such Person guaranteeing any indebtedness, lease, dividend, or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner including, without limitation, any obligation or arrangement of such Person (a) to purchase or repurchase any such primary obligation; (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor; (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; (d) to indemnify the owner of such primary obligation against loss in respect thereof; (e) by which and to the extent said Person or its assets have otherwise become liable for payment of any such primary obligation; or (f) supporting a letter of credit issued for the account of said primary obligor.

"Guarantors" shall mean, collectively, all present and future Material Subsidiaries, and their respective successors and permitted assigns.

"Guaranty" shall mean any contractual obligation, contingent or otherwise, of a Person with respect to any Indebtedness or other obligation or liability of another Person, including without limitation, any such Indebtedness, obligation or liability directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including contractual obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or any agreement to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make any payment other than for value received. The amount of any Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect to which said Guaranty is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Guaranty Agreement" shall mean, collectively, the Amended and Restated Guaranty Agreement dated the date hereof executed by each of the Guarantors from time to time in favor of the Lender in the form reasonably acceptable to Lender as the same may be amended, restated or supplemented from time to time.

"Hazardous Materials" shall mean oil, petroleum or chemical liquids or solids, liquid or gaseous products, asbestos, or any other hazardous waste or Hazardous Substances, including, without limitation, hazardous medical waste or any other substance described in any Hazardous Materials Law.

"Hazardous Materials Law" shall mean the Comprehensive Environmental Response Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. Section 9601, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, the state hazardous waste laws, as such laws may from time to time be in effect, and related regulations, and all similar laws and regulations.

"Hazardous Substances" has the meaning assigned to that term in CERCLA.

"Indebtedness" of any Person shall mean, without duplication (a) all obligations of such Person which in accordance with GAAP would be shown on the balance sheet of such Person as a liability (including, without limitation, obligations for borrowed money and for the deferred purchase price of property or services, obligations evidenced by bonds, debentures, notes or other similar instruments, and contingent reimbursement obligations under undrawn letters of credit); (b) all Capitalized Lease Obligations; (c) all Guaranteed Indebtedness of such Person; (d) Indebtedness of others secured by any Lien upon property owned by such Person, whether or not assumed; and (e) obligations or other liabilities under currency contracts, interest rate hedging contracts, or similar agreements or combinations thereof.

"**Intangible Assets**" shall mean those assets of the Consolidated Companies, which are (a) deferred assets, other than prepaid insurance and prepaid taxes; (b) patents, copyrights, trademarks, trade names, franchises, good will, experimental expenses and other similar assets which would be classified as "**intangible assets**" under GAAP; and (c) treasury stock.

"**Intercompany Credit Documents**" shall mean, collectively, the promissory notes and all related loan, subordination, and other agreements, to the extent that they exist, relating in any manner to the Intercompany Loans.

"Intercompany Loans" shall mean, collectively, (a) the loans more particularly described on **Schedule 6.22**, and (b) those loans or other extensions of credit from time to time made by any Consolidated Company to another Consolidated Company satisfying the terms and conditions set forth in **Section 8.1(e)** or as may otherwise be approved in writing by the Lender.

"Interest Period" shall mean with respect to Eurodollar Advances, the period of 1, 2, 3 or 6 months selected by the Borrower under **Section 4.4** hereof.

"Investment" shall mean, when used with respect to any Person, any direct or indirect advance, loan or other extension of credit (other than the creation of receivables in the ordinary course of business) or capital contribution by such Person (by means of transfers of property to others or payments for property or services for the account or use of others, or otherwise) to any Person, or any direct or indirect purchase or other acquisition by such Person of, or of a beneficial interest in, capital stock, partnership interests, bonds, notes, debentures or other securities issued by any other Person.

"Lender" or "Lender" shall mean SunTrust Bank and each assignee thereof, if any.

"Lending Office" shall mean for the Lender the office the Lender may designate in writing from time to time to Borrower and the Lender with respect to each Type of Loan.

"LIBOR" shall mean, for any Interest Period, the offered rates for deposits in U.S. Dollars for a period comparable to the Interest Period appearing on the Reuters Screen LIBOR Page as of 11:00 a.m., (London, England time), on the day that is two Business Days prior to the first day of the Interest Period. If two or more of such rates appear on the Reuters Screen LIBOR Page, the rate for that Interest Period will be the arithmetic mean of such rates, rounded, if necessary, to the next higher 1/16 of 1.0%; and in either case as such rates may be adjusted for any applicable reserve requirements. If the foregoing rate is unavailable from the Reuters Screen for any reason, then such rate shall be determined by the Lender from Telerate Page 3750 or, if such rate is also unavailable on such service, then on any other interest rate reporting service of recognized standing designated in writing by the Lender to Borrower and the Lender; in any such case rounded, if necessary, to the next higher 1/16 of 1.0%, if the rate is not such a multiple.

"LIBOR Advance Rate" shall mean, with respect to each Interest Period for a Eurodollar Advance, the rate obtained by adding (a) LIBOR for such Interest Period, and (b) the Applicable Margin for a Eurodollar Advance. The Rate will change with each change in the Applicable Margin on a quarterly basis.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind or description and shall include, without limitation, any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any capitalized lease in the nature thereof including any lease or similar arrangement with a public authority executed in connection with the issuance of industrial development revenue bonds or pollution control revenue bonds, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction.

"Loan" or "Loans" shall mean, collectively, the Revolving Loans and the Term Loan, as the case may be.

"Margin Regulations" shall mean Regulation G, Regulation T, Regulation U and Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time.

"Material Place of Business" shall mean the Places of business set forth in **Schedule 6.28(b)** hereto and any other or new Place of Business which is either (a) owned by a Consolidated Company, or (b) leased by a Consolidated Company, at which the Consolidated Company has at said location tangible personal property which is material to the operations of that Consolidated Company.

"Material Subsidiary" shall mean (a) each Subsidiary designated as such in **Schedule 6.1** hereto, and (b) each other Wholly Owned Subsidiary of Borrower, now existing or hereinafter established or acquired, that at any time prior to the Maturity Date, has, at an annualized basis, net income which generates one and one half percent (1.5%) or more of the Consolidated Net Income; **provided**, **however**, if the aggregate net income of the Borrower and its Material Subsidiaries is at any time less than eighty percent (80%) of Consolidated Net Income, then the five percent (1.5%) trigger set forth herein will be reduced to such a figure so that the aggregate net income of the Borrower and its Material Subsidiaries (based on said reduced trigger amount) is not less than eighty percent (80%) of the Consolidated Net Income of the Borrower.

"Materially Adverse Effect" shall mean the occurrence of an event which could reasonably be expected to cause a materially adverse change in (a) the business, results of operations, financial condition, assets or prospects of the Consolidated Companies, taken as a whole, (b) the ability of the Borrower to perform its obligations under this Agreement, or (c) the ability of the Credit Parties (taken as a whole) to perform their respective obligations under the Credit Documents.

"Maturity Date" shall mean the earlier of (a) October 15, 2002, unless said date is otherwise extended as provided under **Section 2.4**, hereof, and (b) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable pursuant to the provisions of **Article IX** hereof.

"Multi-Employer Plan" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"Notes" shall mean the Amended and Restated Revolving Credit Note and the Term Note as originally executed and as the same may be from time to time supplemented, modified, amended, renewed or extended.

"**Notice of Borrowing**" shall have the meaning provided in **Section 4.1** hereof, the form of which is reasonably acceptable to Lender.

"**Notice of Conversion/Continuation**" shall have the meaning provided in **Section 4.1** hereof, the form of which is reasonably acceptable to Lender.

"**Obligations**" shall mean all amounts owing to the Lender pursuant to the terms of this Agreement or any other Credit Document, including without limitation, all Loans (including all principal and interest payments due thereunder), fees (including reasonable attorneys' fees as permitted under any Credit Document), expenses, indemnification and reimbursement payments (including any reimbursement obligation with respect to any letter of credit, if drawn upon after any Event of Default which has occurred and is continuing), indebtedness, liabilities, and obligations of the Credit Parties, direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising, together with all renewals, extensions, modifications or refinancings thereof.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation, and any successor thereto.

"**Permitted Acquisitions**" shall mean the acquisition, by merger, consolidation, purchase or otherwise, by any Consolidated Company of any Person where substantially all the assets or stock of said Person who is not affiliated with the Borrower are purchased, to the extent the purchase price or the value of said acquisition is less than $25,000,000 (determined as including any Funded Debt to be assumed in said acquisition), and after which no event of default will occur or be continuing. To be a "**Permitted Acquisition**," any such acquisition must be in the same line of business as is the Borrower.

"**Permitted Liens**" shall mean those Liens expressly permitted by **Section 8.2** hereof.

"**Person**" shall mean any individual, partnership, joint venture, firm, corporation, trust, unincorporated association, government or any department or agency thereof, and any other entity whatsoever.

"**Places of Business**" shall mean those locations owned or leased by any Consolidated Company or at which any assets of any Consolidated Company are located, as set forth in **Schedule 6.28(a)** hereto.

"**Plan**" shall mean any employee benefit plan, program, arrangement, practice or contract, maintained by or on behalf of the Borrower or an ERISA Affiliate, which provides benefits or compensation to or on behalf of employees or former employees, whether formal or informal, whether or not written, including but not limited to, the following types of plans:

(a) **Executive Arrangements** - any bonus, incentive compensation, stock option, deferred compensation, commission, severance, "golden parachute", "rabbi trust", or other executive compensation plan, program, contract, arrangement or practice;

(b) **ERISA Plans** - any "employee benefit plan" defined in Section 3(3) of ERISA), including, but not limited to, any defined benefit pension plan, profit sharing plan, money purchase pension plan, savings or thrift plan, stock bonus plan, employee stock ownership plan, Multi-Employer Plan, or any plan, fund, program, arrangement or practice providing for medical (including post-retirement medical), hospitalization, accident, sickness, disability, or life insurance benefits; and

(c) **Other Employee Fringe Benefits** - any stock purchase, vacation, scholarship, day care, prepaid legal services, severance pay or other fringe benefit plan, program, arrangement, contract or practice.

"**Regulation D**" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time.

"**Requirement of Law**" for any Person shall mean the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or a court or other governmental authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Reuters Screen**" shall mean, when used in connection with any designated page and LIBOR, the display page so designated on the Reuters Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying rates comparable to LIBOR).

"**Revolving Credit Note**" shall mean the promissory note evidencing the Revolving Loans in the form reasonably acceptable to the Lender, as the same may be amended, restated or supplemented from time to time.

"**Revolving Loans**" shall mean, collectively, the revolving credit loans made to Borrower by the Lender pursuant to **Section 2.1** hereof.

"**Revolving Loan Commitment**" shall mean the amount of $50,000,000 as the same may be decreased from time to time as a result of any reduction thereof pursuant to **Section 2.5** hereof, or any amendment thereof pursuant to **Section 11.2** hereof.

"**Shareholders' Equity**" shall mean, with respect to any Person as at any date of determination, the shareholders' equity of such Person, determined on a consolidated basis in conformity with GAAP.

"Statement Date" shall mean the last day of the fiscal quarter of Borrower to which the quarterly financial statements relate as delivered from time to time by the Borrower under **Section 7.7(b)** hereof.

"**Sublimit Advance**" shall mean an Advance made pursuant to the Sublimit Facility.

"**Sublimit Facility**" shall mean a portion of the Revolving Loan in the amount of $8,000,000 so as to provide for, among other matters, the daily and automatic extension of Advances to the Borrower to cover overdrafts or checks written by the Consolidated Companies, and the payment on a daily basis of said Advances if and to the extent funds are available in the accounts of the Consolidated Companies at the Lender.

"Subordinated Debt" shall mean all present and future Indebtedness of Borrower and its Subsidiaries to any Person other than to the Lender under this Agreement, and which Indebtedness is subordinated to all Obligations due the Lender under this Agreement on terms and conditions satisfactory in all respects to the Lender including without limitation, with respect to interest rates, payment terms, maturities, amortization schedules, covenants, defaults, remedies, collateral and subordination provisions, as evidenced by the written approval of the Lender. Including, if required by the Lender, a separate subordination agreement from the holder of said Debt to the Lender.

"Subsidiary" shall mean, with respect to any Person, any corporation or other entity (including, without limitation, partnerships, joint ventures, and associations) regardless of its jurisdiction of organization or formation, at least a majority of the combined voting power of all classes of voting stock or other ownership interests of which shall, at the time as of which any determination is being made, be owned by such Person, either directly or indirectly through one or more other Subsidiaries.

"Tangible Assets" shall mean all assets of the Consolidated Companies, all as determined in accordance with GAAP, but excluding Intangible Assets.

"Tangible Net Worth" shall mean the excess of (a) Tangible Assets over (b) Total Liabilities.

"Taxes" shall mean any present or future taxes, levies, imposts, duties, fees, assessments, deductions, withholdings or other charges of whatever nature, including without limitation, income, receipts, excise, property, sales, transfer, license, payroll, withholding, social security and franchise taxes now or hereafter imposed or levied by the United States, or any state, local or foreign government or by any department, agency or other political subdivision or taxing authority thereof or therein and all interest, penalties, additions to tax and similar liabilities with respect thereto.

"Telerate" shall mean, when used in connection with any designated page and the "Certificate of Deposit Rate" or "LIBOR," the display page so designated on the Dow Jones Telerate Service (or such other page as may replace that page on that service for the purpose of displaying rates comparable to the "Certificate of Deposit Rate" or "LIBOR").

"**Term Loan Commitment**" shall mean the amount of $90,000,000.00 which the Lender has committed to advance to the Borrower as a term loan pursuant to this Agreement.

"**Term Loan**" shall mean the term loan made to the Borrower by the Lender pursuant to **Article III** hereof.

"**Term Note**" shall mean the promissory note evidencing the Term Loan made pursuant to **Article III** below in the form reasonably acceptable to the Lender, as the same may be amended, restated or supplemented from time to time.

"**Total Liabilities**" or "**Liabilities**" shall mean all liabilities and obligations of the Consolidated Companies, all as determined in accordance with GAAP, and shall include Funded Debt and current liabilities.

"Type" of Borrowing shall mean a Borrowing consisting of Base Rate Advances or Eurodollar Advances.

"Wholly Owned Subsidiary" shall mean any Subsidiary, all the stock or ownership interest of every class of which, except directors' qualifying shares, shall, at the time as of which any determination is being made, be owned by Borrower either directly or indirectly.

Section 1.2 Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms shall be construed herein, all accounting determinations hereunder shall be made, all financial statements required to be delivered hereunder shall be prepared, and all financial records shall be maintained in accordance with, GAAP.

Section 1.3 Other Definitional Terms. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule, Exhibit and like references are to this Agreement unless otherwise specified.

Section 1.4 Exhibits and Schedules. All Exhibits and Schedules attached hereto are by reference made a part hereof.

ARTICLE II

REVOLVING LOANS

Section 2.1 Commitment: Use of Proceeds.

(a) Subject to and upon the terms and conditions herein set forth, the Lender agrees to make to Borrower from time to time on and after the Closing Date, but prior to the Maturity Date, Revolving Loans in an aggregate amount outstanding at any time not to exceed the Lender's Revolving Loan Commitment. Borrower shall be entitled to borrow, repay and reborrow Revolving Loans in accordance with the provisions hereof.

(b) Each Revolving Loan shall, at the option of Borrower, be made or continued as, or converted into, part of one or more Borrowings that shall consist entirely of Base Rate Advances or Eurodollar Advances. The aggregate principal amount of each Borrowing of Revolving Loans shall in the case of Eurodollar Advances be not less than $1,000,000 or a greater integral multiple of $500,000, and in the case of Base Rate Advances shall be not less than $500,000 or a greater integral multiple of $100,000, or in such lesser Loan amounts as shall then equal the unused amount of the Revolving Loan Commitment. At no time shall the number of Borrowings made as Eurodollar Advances then outstanding under this Article II exceed ten; provided that, for the purpose of determining the number of Borrowings outstanding and the minimum amount for Borrowings resulting from continuations, all Borrowings of Base Rate Advances under the Revolving Loan shall be considered as one Borrowing and all Borrowings under the Sublimit Facility shall be considered as one Borrowing. The parties hereto agree that (i) the aggregate principal balance of the Revolving Loans of the Lender as a group shall not exceed the Revolving Loan Commitment, and (ii) Lender shall not be obligated to make Revolving Loans in excess of its Revolving Loan Commitment.

(c) The proceeds of the Revolving Loans shall be used solely for the following purposes:

(i) To finance Permitted Acquisitions as described herein;

(ii) For working capital and for other general corporate purposes, including capital expenditures of the Consolidated Companies;

(iii) To pay all transaction fees and expenses incurred in connection with this facility including Closing Fees and costs and expenses, including attorneys' fees, of the Lender, and, with the consent of the Lender, costs and expenses, including attorneys' fees, of the Borrower; and

(iv) To pay other fees to the Lender or Lender from time to time under this Agreement including Availability Fees.

Section 2.2 Revolving Note; Repayment of Principal.

(a) Borrower's obligations to pay the principal of, and interest on, the Revolving Loans to the Lender shall be evidenced by the records of the Lender and by the Revolving Note payable to the Lender completed in conformity with this Agreement.

(b) All outstanding principal amounts under the Revolving Loans shall be due and payable in full on the Maturity Date.

Section 2.3 Payment of Interest.

(a) Borrower agrees to pay interest in respect of all unpaid principal amounts of the Revolving Loans from the respective dates such principal amounts were advanced to maturity (whether by acceleration, notice of prepayment or otherwise) at rates per annum (computed on the basis of a 360 day year for the actual number of days elapsed) equal to the applicable rates indicated below:

(i) For Sublimit Advances - The Base Advance Rate in effect from time to time less 1.00% (i.e. 100 basis points).

(ii) For Base Rate Advances - The Base Advance Rate in effect from time to time; and

(iii) For Eurodollar Advances - The relevant LIBOR Advance Rate.

(b) Interest on each Loan shall accrue from and including the date of such Revolving Loan to but excluding the date of any repayment thereof; **provided that**, if a Revolving Loan is repaid on the same day made, one day's interest shall be paid on such Revolving Loan. Interest on all outstanding Sublimit Advances and Base Rate Advances shall be payable quarterly in arrears on the last calendar day of each fiscal quarter of Borrower in each year. Interest on all outstanding Eurodollar Advances shall be payable on the last day of each Interest Period applicable thereto (but no less frequestly than quarterly). Interest on all Revolving Loans shall be payable on any conversion of any Advances comprising such Loans into Advances of another type and, on the Maturity Date.

Section 2.4 Extension of Maturity Date. On each anniversary date of the Closing, the Borrower and the Lender will meet to review extending the Maturity Date by an additional one year period. If so agreed by both the Borrower and the Lender in writing, the Maturity Date will be so extended.

Section 2.5 Reduction of Revolving Loan Commitments.

(a) The Borrower prior to the Maturity Date shall have the right in the manner set forth below to reduce (but not increase) the Revolving Loan Commitment.

(b) The Borrower, if it desires to reduce the Revolving Loan Commitment, must (i) give thirty (30) Business Day's notice to the Lender setting forth the amount which the Borrower desires to have as the Revolving Loan Commitment, which said amount may not be less than the principal amount then outstanding on the Revolving Loans, and (ii) pay to the Lender within said thirty (30) day period any Availability Fee due at the time of said reduction on that portion of the Revolving Loan Commitment which is being so reduced. Said reduction shall be effective at the end of said thirty Business Day period and upon the payment of said Availability Fee.

(c) Any reduction must be in the minimum amount of $500,000 or a greater integral multiple of $500,000.

Section 2.6 Sublimit Facility. In regard to the Sublimit Facility, the Borrower shall be entitled to Sublimit Advances from time to time, as follows:

(a) The Sublimit Facility is a part of the Revolving Loan Commitment with Sublimit Advances being Revolving Loans hereunder, and shall be subject to the terms and conditions of this Agreement, except as otherwise set forth in this **Section 2.6**.

(b) The purpose of the Sublimit Facility is to cover overdrafts of operating accounts of the Consolidated Companies established at the Lender, on a daily basis. To be subject to the Sublimit Facility, the Borrower will need to so designate said account in a writing to the Lender (with said accounts being defined as the "**Covered Accounts**"). For the purposes of this Section, each Covered Account shall be deemed to be the demand deposit account of the Lender and the disbursement made as provided in **Section 4.2** below.

(c) At the end of each banking day, to the extent that checks presented for payment on any Covered Account exceed the balance then available in that Account, the Lender shall make a Sublimit Advance available to the Borrower by crediting said Account in the amount of said difference; **provided**, **however**, (i) the aggregate amount of all Sublimit Advances outstanding at any time shall not exceed the principal amount of $8,000,000, and (ii) the aggregate amount of all Revolving Loans do not exceed the Revolving Loan Commitment as set forth in **Section 2.1(a)**.

(d) At the end of each banking day, to the extent there is an excess balance in any Covered Account, said excess will be withdrawn from said Account and credited as a payment to the Sublimit Facility, with said payment being made toward principal.

The making of a Sublimit Advance and the corresponding crediting of said amount to the applicable Covered Account and the payment of the Sublimit Advance and the corresponding debiting of said Covered Account to the extent there is a positive balance in any Covered Account shall be done on a daily basis at the end of each banking day without the requirement of any Notice of Borrowing as set forth in **Section 4.1** hereof.

ARTICLE III

TERM LOAN

Section 3.1 Term Loan Commitment; Use of Proceeds.

(a) Subject to and upon the terms and conditions herein set forth, the Lender agrees to make Advances on the Term Loan to Borrower from the Closing Date to January 31, 2001 in an aggregate amount up to but not exceeding the Term Loan Commitment.

(b) The proceeds of the Term Loan shall be solely for the following purposes:

(i) To finance acquisitions by the Borrower; and

(ii) To pay all transaction fees and expenses incurred in connection with this Facility including costs and expenses, including attorney's fees, of the Lender and, with the consent of the Lender, costs and expenses, including attorneys' fees, of the Borrower.

Section 3.2 Repayment of Principal and Interest.

(a) Borrower's obligation to pay the principal of, and interest on, the Term Loan to the Lender shall be evidenced by the Term Note and payable to the Lender completed in conformity with this Agreement.

(b) Principal and interest under the Term Loan shall be due and payable as follows:

(i) The Borrower shall pay the principal amount of $3,214,285.71 for each quarter, said amount to be payable on the last calendar day of each fiscal quarter of the Borrower in each year.

(ii) In addition to the principal payments provided for under clause (i) above, Borrower shall further pay interest on the principal amount outstanding from time to time on the Term Loan, said interest to be payable quarterly in arrears on the last calendar day of each fiscal quarter of the Borrower in each year.

(iii) All unpaid principal and accrued but unpaid interest shall be due and payable on the Maturity Date.

ARTICLE IV

GENERAL LOAN TERMS

Section 4.1 Funding Notices

(a) Whenever Borrower desires to make a Borrowing, it shall give the Lender prior written notice (or telephonic notice promptly confirmed in writing) of such Borrowing (a "**Notice of Borrowing**"), such Notice of Borrowing to be given prior to 11:00 A.M. (local time for the Lender) at its Lending Office (i) one (1) Business Day prior to the requested date of such Borrowing in the case of Base Rate Advances, and (ii) two (2)Business Days prior to the requested date of such Borrowing in the case of Eurodollar Advances. Notices received after 11:00 A.M. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify the aggregate principal amount of the Borrowing, the date of Borrowing (which shall be a Business Day), and whether the Borrowing is to consist of Base Rate Advances or Eurodollar Advances and (in the case of Eurodollar Advances) the Interest Period to be applicable thereto.

(b) Whenever Borrower desires to convert one or more Borrowings of one Type into one or more Borrowings of another Type, or to continue outstanding a Borrowing consisting of Eurodollar Advances for a new Interest Period, it shall give Lender prior written notice (or telephonic notice promptly confirmed in writing) of each such Borrowing to be converted or continued, such Notice of Conversion/Continuation to be given prior to 11:00 A.M. (local time for the Lender) at its Lending Office (i) one (1) Business Day prior to the requested date of such Borrowing in the case of the continuation into a Base Rate Advance, and (ii) two (2) Business Days prior to the requested date of such Borrowing in the case of a continuation of or conversion into Eurodollar Advances. Notices received after 11:00 A.M. shall be deemed received on the next Business Day. Each such Notice of Conversion/Continuation shall be irrevocable and shall specify the aggregate principal amount of the Borrowing to be converted or continued, the date of such conversion or continuation (which shall be a Business Day), whether the Borrowing is being converted into or continued as Eurodollar Advances and (in the case of Eurodollar Advances) the Interest Period applicable thereto. If, upon the expiration of any Interest Period in respect of any Borrowing, Borrower shall have failed to deliver the Notice of Conversion/Continuation, Borrower shall be deemed to have elected to continue such Borrowing as a Eurodollar Advance for the same interest Period then applicable to said Borrowing. No conversion of any Borrowing of Eurodollar Advances shall be permitted except on the last day of the Interest Period in respect thereof.

(c) Without in any way limiting Borrower's obligation to confirm in writing any telephonic notice, the Lender may act without liability upon the basis of telephonic notice believed by the Lender in good faith to be from Borrower prior to receipt of written confirmation. In each such case, Borrower hereby waives the right to dispute the Lender's record of the terms of such telephonic notice.

Section 4.2 Disbursement of Funds. The Lender will make available the amount of such Borrowing in immediately available funds at the Lending Office of the Lender by crediting such amounts to Borrower's demand deposit account maintained with the Lender by the close of business on such Business Day.

Section 4.3 Interest; Default, Payment and Determination. Overdue principal and, to the extent not prohibited by applicable law, overdue interest, in respect of the Loans, and all other overdue amounts owing hereunder, shall bear interest from each date that such amounts are overdue, at the higher of the following rates:

(a) Base Advance Rate plus an additional two percent (2.0%) per annum; or

(b) The interest rate otherwise applicable to said amount plus an additional two percent (2.0%) per annum.

Section 4.4 Interest Periods. In connection with the making or continuation of, or conversion into, each Eurodollar Advance, Borrower shall select an Interest Period to be applicable to such Eurodollar Advance, which Interest Period shall be a 1, 2, 3 or 6 month period; **provided that**:

(a) The initial Interest Period for any Borrowing of Eurodollar Advances shall commence on the date of such Borrowing and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(b) If any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day;

(c) Any Interest Period in respect of Eurodollar Advances which begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall, subject to part (d) below, expire on the last Business Day of such calendar month; and

(d) No Interest Period shall extend beyond the Maturity Date.

Section 4.5 Fees.

(a) Borrower shall pay to the Lender the Availability Fee for the period commencing on the Closing Date to and including the Maturity Date, such Fee being payable (i) quarterly in arrears on the last calendar day of each fiscal quarter of Borrower and on the Maturity Date, and (ii) at the time of any reduction in the Revolving Loan Commitment under **Section 2.5** hereof on the amount of said reduction.

(b) Borrower shall pay to Lender on or prior to Closing Date, the balance of the Closing Fees.

Section 4.6 Voluntary Prepayments of Borrowings.

(a) Borrower may, at its option, prepay Borrowings consisting of Base Rate Advances at any time in whole, or from time to time in part, in amounts aggregating $100,000 or any greater integral multiple of $50,000, by paying the principal amount to be prepaid together with interest accrued and unpaid thereon to the date of prepayment. Those Borrowings consisting of Eurodollar Advances may be prepaid, at Borrower's option, in whole, or from time to time in part, in aggregating $1,000,000 or any greater integral multiple of $500,000, by paying the principal amount to be prepaid, together with interest accrued and unpaid thereon to the date of prepayment, **provided however**, prepayment of Eurodollar Advances may only be made on the last day of an Interest Period applicable thereto. Each such optional prepayment shall be applied in accordance with **Section 4.6(c)** below.

(b) Borrower shall give written notice (or telephonic notice confirmed in writing) to the Lender of any intended prepayment of the Revolving Loans (i) not less than one (1) Business Day prior to any prepayment of Base Rate Advances, and (ii) not less than three (3) Business Days prior to any prepayment of Eurodollar Advances. Such notice, once given, shall be irrevocable.

(c) Borrower, when providing notice of prepayment pursuant to **Section 4.6(b)** shall designate the Types of Advances and the specific Borrowing or Borrowings which are to be prepaid, **provided that** (i) if any prepayment of Eurodollar Advances made pursuant to a single Borrowing of the Revolving Loans shall reduce the outstanding Advances made pursuant to such Borrowing to an amount less than $1,000,000, such Borrowing shall immediately be converted into Base Rate Advances, and (ii) each prepayment made pursuant to a single Borrowing shall be applied pro rata among the Loans comprising such Borrowing.

(d) In regard to any Revolving Loan, nothing contained herein shall preclude the Borrower from prepaying said Loan and thereafter and prior to the Maturity Date from obtaining any additional or future Advances as a Revolving Loan under **Section 2.1** above up to the Revolving Loan Commitment.

Section 4.7 Payments, etc.

(a) Except as otherwise specifically provided herein, all payments under this Agreement and the other Credit Documents, other than the payments specified in clause (b) below, shall be made without notice, defense, set-off or counterclaim to the Lender, not later than 11:00 A.M. (local time for the Lender) on the date when due and shall be made in Dollars in immediately available funds to the Lender at the Lender's Lending Office.

(b) All such payments shall be made free and clear of and without deduction or withholding for any Taxes in respect of this Agreement, the Notes or other Credit Documents, or any payments of principal, interest, fees or other amounts payable hereunder or thereunder (but excluding any Taxes imposed on the overall net income of the Lender pursuant to the laws of any jurisdiction). If any Taxes are so levied or imposed, Borrower agrees (i) to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every net payment of all amounts due hereunder and under the Notes and other Credit Documents, after withholding or deduction for or on account of any such Taxes (including additional sums payable under this **Section 4.7**), will not be less than the full amount provided for herein had no such deduction or withholding been required, (ii) to make such withholding or deduction, and (iii) to pay the full amount deducted to the relevant authority in accordance with applicable law. Borrower will furnish to the Lender within thirty (30) days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by Borrower. Borrower will indemnify and hold harmless the Lender and reimburse the Lender upon written request for the amount of any such Taxes (exclusive of any taxes imposed on the overall net income of the Lender) so levied or imposed and paid by the Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or illegally asserted. A certificate as to the amount of such payment by the Lender, absent manifest error, shall be final, conclusive and binding for all purposes.

(c) Subject to **Section 4.4(b)**, whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the applicable rate during such extension.

(d) All computations of interest and fees shall be made on the basis of a year of 360 days for the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed).

Section 4.8 LIBOR Rate Not Ascertainable, Etc. In the event that the Lender shall have determined (which determination shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all parties) that on any date for determining LIBOR for any Interest Period, by reason of any changes arising after the date of this Agreement affecting the London interbank market or the Lender's position in such markets, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR then, and in any such event, the Lender shall forthwith give notice (by telephone confirmed in writing) to Borrower and to the Lender of such determination and a summary of the basis for such determination. Until the Lender notifies Borrower that the circumstances giving rise to the suspension described herein no longer exist (which Lender agrees to give as soon as conditions warrant), the obligations of the Lender to make or permit portions of the Revolving Loans to remain outstanding past the last day of the then current Interest Periods as Eurodollar Advances, shall be suspended, and such affected Advances shall bear the same interest as Base Rate Advances.

Section 4.9 Illegality

(a) In the event that the Lender shall have determined (which determination shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all parties) at anytime that the making or continuance of any Eurodollar Advance has become unlawful by compliance by the Lender in good faith with any applicable law, governmental rule, regulation, guideline or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, in any such event, the Lender shall give prompt notice (by telephone confirmed in writing) to Borrower of such determination and a summary of the basis for such determination.

(b) Upon the giving of the notice to Borrower referred to in subsection (a) above, (i) Borrower's right to request and the Lender's obligation to make Eurodollar Advances, shall be immediately suspended, and the Lender shall make an Advance as part of the requested Borrowing of Eurodollar Advances as a Base Rate Advance, which Base Rate Advance shall, for all other purposes, be considered part of such Borrowing, and (ii) if the affected Eurodollar Advance or Advances are then outstanding, Borrower shall immediately, or if permitted by applicable law, no later than the date permitted thereby, upon at least one (1) Business Day's written notice to the Lender, convert each such Advance into an Advance or Advances of a different Type with an Interest Period ending on the date on which the Interest Period applicable to the affected Eurodollar Advances expires.

Section 4.10 Increased Costs.

(a) If, by reason of, after the date hereof, (x) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, or (y) the compliance with any guideline or request from any central bank or other governmental authority or quasi governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law):

> (i) the Lender (or its applicable Lending Office) shall be subject to any tax, duty or other charge with respect to its Eurodollar Advances or its obligation to make Eurodollar Advances, or the basis of taxation of payments to the Lender of the principal of or interest on its Eurodollar Advances or its obligation to make Eurodollar Advances shall have changed (except for changes in the tax on the net income or profits of the Lender or its applicable Lending Office imposed by any jurisdiction); or
>
> (ii) any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender's applicable Lending Office shall be imposed or deemed applicable or any other condition affecting its Eurodollar Advances or its obligation to make Eurodollar Advances shall be imposed on the Lender or its applicable Lending Office or the London interbank market or the United States secondary certificate of deposit market;

and as a result thereof there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining Eurodollar Advances (except to the extent already included in the determination of the applicable LIBOR Advance Rate for Eurodollar Advances), or there shall be a reduction in the amount received or receivable by the Lender or its applicable Lending Office, then Borrower shall from time to time (subject, in the case of certain Taxes, to the applicable provisions of **Section 4.7(b)**), upon written notice from and demand by the Lender on Borrower pay to the Lender within five (5) Business Days after the date of such notice and demand, additional amounts sufficient to indemnify the Lender against such increased cost. A certificate as to the amount of such increased cost, submitted to Borrower and the Lender by the Lender in good faith and accompanied by a statement prepared by the Lender describing in reasonable detail the basis for and calculation of such increased cost, shall, except for manifest error, be final, conclusive and binding for all purposes.

(b) If the Lender, because of the circumstances described in clauses (x) or (y) in **Section 4.10(a)** or any other circumstances beyond the Lender's reasonable control arising after the date of this Agreement affecting the Lender or the London interbank market or the Lender's position in such markets, the LIBOR Advance Rate, as determined by the Lender, will not adequately and fairly reflect the cost to the Lender of funding its Eurodollar Advances, then, and in any such event:

> (i) The Lender shall forthwith give notice (by telephone confirmed in writing) to Borrower;
>
> (ii) Borrower's right to request and the Lender's obligation to make or permit portions of the Loans to remain outstanding past the last day of the then current Interest Periods as Eurodollar Advances, shall be immediately suspended; and
>
> (iii) The Lender shall make a Loan as part of any requested Borrowing of Eurodollar Advances, as a Base Rate Advance, which such Base Rate Advance shall, for all other purposes, be considered part of such Borrowing.

Section 4.11 This Section is not applicable.

Section 4.12 Funding Losses. Borrower shall compensate the Lender, upon its written request to Borrower (which request shall set forth the basis for requesting such amounts in reasonable detail and which request shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all of the parties hereto), for all losses, expenses and liabilities (including, without limitation, any interest paid by the Lender to lenders of funds borrowed by it to make or carry its Eurodollar Advances, in either case to the extent not recovered by the Lender in connection with the reemployment of such funds and including loss of anticipated profits), which the Lender may sustain: (a) if for any reason (other than a default by the Lender) a borrowing of, or conversion to or continuation of, Eurodollar Advances to Borrower does not occur on the date specified therefor in a Notice of Borrowing or Notice

of Conversion (whether or not withdrawn); (b) if any repayment (including mandatory prepayments and any conversions pursuant to **Section 4.9(b)**) of any Eurodollar Advances to Borrower occurs on a date which is not the last day of an Interest Period applicable thereto; or (c), if, for any reason, Borrower defaults in its obligation to repay its Eurodollar Advances when required by the terms of this Agreement.

Section 4.13 Assumptions Concerning Funding of Eurodollar Advances. Calculation of all amounts payable to the Lender shall be made as though the Lender had actually funded any Eurodollar Advances under this **Article IV** through the purchase of deposits in the relevant market bearing interest at the rate applicable to such Eurodollar Advances in an amount equal to the amount of the Eurodollar Advances and having a maturity comparable to the relevant Interest Period and, in the case of Eurodollar Advances, through the transfer of such Eurodollar Advances from an offshore office of the Lender to a domestic office of the Lender in the United States of America; **provided**, **however**, that the Lender may fund each of its Eurodollar Advances in any manner it sees fit and the foregoing assumption shall be used only for calculation of amounts payable under this **Article IV**.

Section 4.14 This Section is not applicable.

Section 4.15 This Section is not applicable.

Section 4.16 Capital Adequacy. Without limiting any other provision of this Agreement, in the event that the Lender shall have determined that the adoption of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy not currently in effect or fully applicable as of the Closing Date, or any change therein or in the interpretation or application thereof after the Closing Date, or compliance by the Lender with any request or directive regarding capital adequacy not currently in effect or fully applicable as of the Closing Date (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) from a central bank or governmental authority or body having jurisdiction, does or shall have the effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such law, treaty, rule, regulation, guideline or order, or such change or compliance (taking into consideration the Lender's policies with respect to capital adequacy by an amount deemed by the Lender to be material, then within ten (10) Business Days after written notice and demand by the Lender (with copies thereof to the Lender), Borrower shall from time to time pay to the Lender additional amounts sufficient to compensate the Lender for such reduction (but, in the case of outstanding Base Rate Advances, without duplication of any amounts already recovered by the Lender by reason of an adjustment in the applicable Base Rate). Each certificate as to the amount payable under this **Section 4.16** (which certificate shall set forth the basis for requesting such amounts in reasonable detail), submitted to Borrower by the Lender in good faith, shall, absent manifest error, be final, conclusive and binding for all purposes.

Section 4.17 Benefits to Guarantors. In consideration for the execution and delivery by the Guarantors of the Guaranty Agreement (and, as to new Guarantors, of a supplement to the Contribution Agreement), Borrower agrees to make the benefit of extensions of credit hereunder available to the Guarantors.

Section 4.18 Limitation on Certain Payment Obligations.

(a) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to **Section 4.7** no later than ninety (90) days after the earlier of (i) the date on which the Lender makes payment of such Taxes, and (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon the Lender for payment of such Taxes.

(b) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to **Sections 4.12** and **4.13** no later than ninety (90) days after the event giving rise to the claim for indemnification or compensation occurs.

(c) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to **Sections 4.10** and **4.16** no later than ninety (90) days after the Lender or Lender receives actual notice or obtains actual knowledge of the promulgation of a law, rule, order or interpretation or occurrence of another event giving rise to a claim pursuant to such sections.

(d) In the event that the Lender fails to give Borrower notice within the time limitations prescribed in (a) or (b) above, Borrower shall not have any obligation to pay such claim for compensation or indemnification. In the event that the Lender fail to give Borrower notice within the time limitation prescribed in (c) above, Borrower shall not have any obligation to pay any amount with respect to claims accruing prior to the ninetieth day preceding such written demand.

Section 4.19 Change from One Type of Borrowing to Another. Subject to the limitations set forth in this Agreement, the Borrower shall have the right from time to time to change from one Type of Borrowing to another by giving appropriate Notice of Conversion/Continuation in the manner set forth in **Section 4.1.**

ARTICLE V

CONDITIONS TO BORROWINGS

The obligations of the Lender to make Advances to Borrower hereunder and to accept a conversation of one Type of Loan into another is subject to the satisfaction of the following conditions:

Section 5.1 Conditions Precedent to Initial Loans. At the time of the making of the initial Loans hereunder on the Closing Date, all obligations of Borrower hereunder incurred prior to the initial Loans (including, without limitation, Borrower's obligations to reimburse the reasonable fees and expenses of counsel to the Lender and any Closing Fees and expenses payable to the Lender as

previously agreed with Borrower), shall have been paid in full, and the Lender shall have received the following, in form and substance reasonably satisfactory in all respects to the Lender:

(a) The duly executed counterparts of this Agreement;

(b) The duly executed Notes evidencing the Revolving Loan Commitment and the Term Loan Commitment;

(c) The duly executed Guaranty Agreement;

(d) The duly executed Contribution Agreement;

(e) Duly executed Certificate of Borrower in substantially the form which is reasonable acceptable to the Lender and appropriately completed;

(f) Duly executed Certificates of the Secretary or Assistant Secretary of each of the Credit Parties attaching and certifying copies of the resolutions of the boards of directors of the Credit Parties, authorizing as applicable the execution, delivery and performance of the Credit Documents;

(g) Duly executed Certificates of the Secretary or an Assistant Secretary of each of the Credit Parties certifying (i) the name, title and true signature of each officer of such entities executing the Credit Documents, and (ii) the bylaws or comparable governing documents of such entities;

(h) Certified copies of the certificate or articles of incorporation of each Credit Party certified by the Secretary of State or the Secretary or Assistant Secretary of such Credit Party, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of incorporation or organization of such Credit Party;

(i) Copies of all documents and instruments, including all consents, authorizations and filings, required or advisable under any Requirement of Law or by any material Contractual Obligation of the Credit Parties, in connection with the execution, delivery, performance, validity and enforceability of the Credit Documents and the other documents to be executed and delivered hereunder, and such consents, authorizations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired;

(j) Certified copies of the Intercompany Credit Documents, to the extent that they exist;

(k) The duly executed copy of the Contribution Agreement by the Borrower and the Guarantors, in the form reasonably acceptable to the Lender;

(l) Certified copies of indentures, credit agreements, leases, capital leases, instruments, and other documents evidencing or securing Indebtedness of any Consolidated Company described on **Schedule 8.1(b)**, in any single case greater than $100,000;

(m) Certificates, reports and other information as the Lender may reasonably request from any Consolidated Company in order to satisfy the Lender as to the absence of any material liabilities or obligations arising from matters relating to employees of the Consolidated Companies, including employee relations, collective bargaining agreements, Plans, and other compensation and employee benefit plans;

(n) Certificates, reports, environmental audits and investigations, and other information as the Lender may reasonably request from any Consolidated Company in order to satisfy the Lender as to the absence of any material liabilities or obligations arising from environmental and employee health and safety exposures to which the Consolidated Companies may be subject, and the plans of the Consolidated Companies with respect thereto;

(o) Certificates, reports and other information as the Lender may reasonably request from any Consolidated Company in order to satisfy the Lender as to the absence of any material liabilities or obligations arising from litigation (including without limitation, products liability and patent infringement claims) pending or threatened against the Consolidated Companies;

(p) A summary, set forth in format and detail reasonably acceptable to the Lender, of the types and amounts of insurance (property and liability) maintained by the Consolidated Companies;

(q) The duly executed favorable opinion of in-house legal counsel to the Credit Parties, substantially in the form reasonably acceptable to Lender addressed to the Lender and each of the Lender;

(r) Financial Statements of the Borrower, audited on a consolidated basis for the fiscal year ended on December 31, 1999; and

(s) Financial Statements of the Borrower, internally prepared and unaudited, on a consolidated basis for the nine (9) month period ending September 30, 2000.

In addition to the foregoing, the following conditions shall have been satisfied or shall exist, all to the reasonable satisfaction of the Lender, as of the time the initial Loans are made hereunder:

(t) The Loans to be made on the Closing Date and the use of proceeds thereof shall not contravene, violate or conflict with, or involve the Lender in a violation of, any law, rule, injunction, or regulation, or determination of any court of law or other

governmental authority;

(u) All corporate proceedings and all other legal matters in connection with the authorization, legality, validity and enforceability of the Credit Documents shall be reasonably satisfactory in form and substance to the Lender; and

(v) The status of all pending and threatened litigation (including products liability and patent claims) which might result in a Materially Adverse Effect, including a description of any damages sought and the claims constituting the basis therefor, shall have been reported in writing to the Lender, and the Lender shall be satisfied with such status.

Section 5.2 Conditions to All Loans. At the time of the making of all Loans (before as well as after giving effect to such Loans and to the proposed use of the proceeds thereof) and the conversion of one Type of Loan into another, the following conditions shall have been satisfied or shall exist:

(a) There shall then exist no Default or Event of Default;

(b) All representations and warranties by Borrower contained herein shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Loans (except to the extent that such representations and warranties expressly relate to an earlier date or are affected by transactions permitted under this Agreement);

(c) Since the date of the most recent financial statements of the Borrower described in **Section 6.3** hereof, there shall have been no change which has had or could reasonably be expected to have a Materially Adverse Effect;

(d) There shall be no action or proceeding instituted or pending before any court or other governmental authority or, to the knowledge of Borrower, threatened (i) which reasonably could be expected to have a Materially Adverse Effect, or (ii) seeking to prohibit or restrict one or more Credit Party's ownership or operation of any portion of its business or assets, or to compel one or more Credit Party to dispose of or hold separate all or any portion of its businesses or assets , where said action if successful would have a Materially Adverse Effect;

(e) The Loans to be made and the use of proceeds thereof shall not contravene, violate or conflict with, or involve the Lender or the Lender in a violation of, any law, rule, injunction, or regulation, or determination of any court of law or other governmental authority applicable to Borrower; and

(f) The Lender shall have received such other documents or legal opinions as the Lender may reasonably request, all in form and substance reasonably satisfactory to the Lender.

Section 5.3 Certification For Each Borrowing. Each Notice of Borrowing, Notice of Conversion/Continuation, or any other request for a Borrowing, and the acceptance by Borrower of the proceeds thereof shall constitute a representation and warranty by Borrower, as of the date of said Notice, draw request or acceptance, as the case may be, that the applicable conditions specified in **Sections 5.1** and **5.2** have been satisfied or are true and correct, as the case may be.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Borrower represents, warrants and covenants to Lender that:

Section 6.1 Organization and Qualification. Borrower is a corporation duly organized and existing in good standing under the laws of the State of Florida. Each Subsidiary of Borrower is a corporation duly organized and existing under the laws of the jurisdiction of its incorporation. Borrower and each of its Subsidiaries are duly qualified to do business as a foreign corporation and are in good standing in each jurisdiction in which the character of their properties or the nature of their business makes such qualification necessary, except for such jurisdictions in which a failure to qualify to do business would not have a Materially Adverse Effect. Borrower and each of its Subsidiaries have the corporate power to own their respective properties and to carry on their respective businesses as now being conducted. The jurisdiction of incorporation or organization, and the ownership of all issued and outstanding capital stock, for Borrower and each Subsidiary as of the date of this Agreement is accurately described on **Schedule 6.1**.

Section 6.2 Corporate Authority The execution and delivery by the Credit Parties of and the performance by Credit Parties of their obligations under the Credit Documents have been duly authorized by all requisite corporate action and all requisite shareholder action, if any, on the part of Credit Parties and do not and will not (a) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, the organizational papers or bylaws of Credit Parties, or any indenture, agreement or other instrument to which Credit Parties are a party or by which Credit Parties or any of their properties is bound, or (b) be in conflict with, result in a breach of, or constitute with notice or lapse of time or both a default under any such indenture, agreement or other instrument.

Section 6.3 Borrower Financial Statements. Borrower has furnished Lender with the following financial statement, identified by the Treasurer or Chief Financial Officer of Borrower: consolidated balance sheets and consolidated statements of income, stockholders' equity and cash flow as of and for the fiscal years ended on the last day in December, 1998, and 1999 certified by Arthur Andersen, LLP, and the nine (9) month unaudited consolidated balance sheets and consolidated statements of income,

stockholder equity and cash flow as and for the nine (9) months ended on September 30, 2000. Such financial statements (including any related schedules and notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year end adjustments), have been prepared in accordance with GAAP consistently applied throughout the period or periods in question and show, in the case of audited statements, all liabilities, direct or contingent, of Borrower and its Subsidiaries, required to be shown in accordance with GAAP consistently applied throughout the period or periods in question and fairly present the consolidated financial position and the consolidated results of operations of Borrower and its Subsidiaries for the periods indicated therein. There has been no material adverse change in the business, condition or operations, financial or otherwise, of Borrower and its Subsidiaries since September 30, 2000.

Section 6.4 Tax Returns. Except as set forth on Schedule 6.4 hereto, each of Borrower and its Subsidiaries has filed all federal, state and other income tax returns which, to the best knowledge of Borrower and its Subsidiaries, are required to have been filed, and each has paid all taxes as shown on said returns and on all assessments received by it to the extent that such taxes have become due or except such as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP.

Section 6.5 Actions Pending Except as disclosed on **Schedule 6.5** hereto, there is no action, suit, investigation or proceeding pending or, to the knowledge of Borrower, threatened against or affecting Borrower or any of its Subsidiaries or any of their properties or rights, by or before any court, arbitrator or administrative or governmental body, which might result in any Materially Adverse Effect.

Section 6.6 Representations; No Defaults. At the time of each Borrowing, there shall exist no Default or Event of Default.

Section 6.7 Title to Properties Borrower and its Subsidiaries has (a) good and marketable fee simple title to its respective real properties (other than real properties which it leases from others), including all such real properties reflected in the consolidated balance sheet of Borrower and its Subsidiaries herein above described (other than real properties disposed of in the ordinary course of business), subject to no Lien of any kind except as set forth on **Schedule 6.7** hereto or as permitted by **Section 8.2**, and (b) good title to all of its other respective properties and assets (other than properties and assets which it leases from others), including the other material properties and assets reflected in the consolidated balance sheet of Borrower and its subsidiaries hereinabove described (other than properties and assets disposed of in the ordinary course of business or sold in accordance with **Section 8.3** below), subject to no Lien of any kind except as set forth on **Schedule 6.7**, hereto or as permitted by **Section 8.2**. Each of Borrower and its Subsidiaries enjoys peaceful and undisturbed possession under all leases necessary in any material respect for the operation of its respective properties and assets, none of which contains any unusual or burdensome provisions which might materially affect or impair the operation of such properties and assets, and all such leases are valid and subsisting and in full force and effect. To the extent any Consolidated Company is required by applicable law to segregate or place in escrow any premiums or other similar payments, those amounts shall be kept in escrow and shall not be considered to be property of the Consolidated Company hereunder.

Section 6.8 Enforceability of Agreement. This Agreement is the legal, valid and binding agreement of Borrower enforceable against Borrower in accordance with its terms, and the Notes, and all other Credit Documents, when executed and delivered, will be similarly legal, valid, binding and enforceable as against all applicable Credit Parties, except as the enforceability of the Notes and other Credit Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditor's rights and remedies in general and by general principles of equity, whether considered in a proceeding at law or in equity.

Section 6.9 Consent. No consent, permission, authorization, order or license of any governmental authority or Person is necessary in connection with the execution, delivery, performance or enforcement of the Credit Documents.

Section 6.10 Use of Proceeds; Federal Reserve Regulations. The proceeds of the Note will be used solely for the purposes specified in **Sections 2.1(c) and 3.1(b)** and none of such proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin security" or "margin stock" or for the purpose of reducing or retiring any indebtedness that originally was incurred to purchase or carry a "margin security" or "margin stock" or for any other purpose that might constitute this transaction a "purpose credit" within the meaning of the regulations of the Board of Governors of the Federal Reserve System.

Section 6.11 ERISA

(a) **Identification of Certain Plans**. **Schedule 6.11** hereto sets forth all Plans of Borrower and its Subsidiaries in effect on the date of this Agreement;

(b) **Compliance.** Each Plan is being maintained, by its terms and in operation, in accordance with all applicable laws, except such noncompliance (when taken as a whole) that will not have a Materially Adverse Effect;

(c) **Liabilities**. Neither the Borrower nor any Subsidiary is currently or will become subject to any liability (including withdrawal liability), tax or penalty whatsoever to any person whomsoever with respect to any Plan including, but not limited to, any tax, penalty or liability arising under Title I or Title IV of ERISA or Chapter 43 of the Code, except such liabilities (when taken as a whole) as will not have a Materially Adverse Effect; and

(d) **Funding.** The Borrower and each ERISA Affiliate have made full and timely payment of all amounts (i) required to be contributed under the terms of each Plan and applicable law and (ii) required to be paid as expenses of each Plan, except where such nonpayment would not have a Material Adverse Effect. As of the date of this Agreement, no Plan has an "amount of unfunded benefit liabilities" (as defined in Section 4001(a)(18) of ERISA) except as disclosed on **Schedule 6.11.** No Plan is subject to a

waiver or extension of the minimum funding requirements under ERISA or the Code, and no request for such waiver or extension is pending.

Section 6.12 Subsidiaries. **Schedule 6.1** hereto sets forth each Subsidiary of the Borrower as of the date of this Agreement. All the outstanding shares of Capital Stock of each such Subsidiary have been validly issued and are fully paid and nonassessable and all such outstanding shares, except as noted on **Schedule 6.12** hereto, are owned by Borrower or a Wholly Owned Subsidiary of Borrower free of any Lien.

Section 6.13 Outstanding Indebtedness Except as set forth on **Schedule 6.13** hereof, as of the Closing Date and after giving effect to the transactions contemplated by this Agreement, no Credit Party has outstanding any Indebtedness in an amount exceeding $250,000 except as permitted by **Section 8.1** and as of the Closing Date there exists no default under the provisions of any instrument evidencing such Indebtedness or of any agreement relating thereto except as noted on **Schedule 6.13.**

Section 6.14 Conflicting Agreements. Except as set forth on **Schedule 6.14** hereof, none of the Borrower or any of its Subsidiaries is a party to any contract or agreement or other burdensome restrictions or subject to any charter or other corporate restriction which could have a Materially Adverse Effect. Assuming the consummation of the transactions contemplated by this Agreement, neither the execution or delivery of this Agreement or the Credit Documents, nor fulfillment of or compliance with the terms and provisions hereof and thereof, will except as set forth in **Schedule 6.14** hereof, conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of Borrower or any of its Subsidiaries (other than those in favor of the Lender) pursuant to, the charter or By-Laws of Borrower or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which Borrower or any of its Subsidiaries is subject, and none of the Borrower nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of Borrower or any of its Subsidiaries in an amount exceeding $250,000, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the type to be evidenced by the Notes or contains dividend or redemption limitations on Common Stock of Borrower, except for this Agreement and those matters listed on **Schedule 6.14** attached hereto.

Section 6.15 Pollution and Other Regulations.

(a) Except as set forth on **Schedule 6.15(a)**, each of the Borrower and its Subsidiaries has to the best of its knowledge complied in all material respects with all applicable Environmental Laws, including without limitation, compliance with permits, licenses, standards, schedules and timetables issued pursuant to Environmental Laws, and is not in violation of, and does not presently have outstanding any liability under, has not been notified that it is or may be liable under and does not have knowledge of any material liability or potential material liability (including any liability relating to matters set forth on **Schedule 6.15(a)**), under any applicable Environmental Law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Federal Water Pollution Control Act, as amended ("FWPCA"), the Federal Clean Air Act, as amended ("FCAA"), and the Toxic Substance Control Act ("TSCA"), which violation, liability or potential liability could reasonably be expected to have a Materially Adverse Effect.

(b) Except as set forth on **Schedule 6.15(b)**, as of the date of this Agreement, neither the Borrower nor any of its Subsidiaries has received a written request for information under CERCLA, any other Environmental Laws or any comparable state law, or any public health or safety or welfare law or written notice that any such entity has been identified as a potential responsible party under CERCLA, and other Environmental Laws, or any comparable state law, or any public health or safety or welfare law, nor has any such entity received any written notification that any Hazardous Materials that it or any of its respective predecessors in interest has generated, stored, treated, handled, transported, or disposed of, has been released or is threatened to be released at any site at which any Person intends to conduct or is conducting a remedial investigation or other action pursuant to any applicable Environmental Law.

(c) Except as set forth on **Schedule 6.15(c)**, each of the Borrower and its Subsidiaries has obtained all material permits, licenses or other authorizations required for the conduct of their respective operations under all applicable Environmental Laws and each such authorization is in full force and effect, except where the failure to do so would not have a Materially Adverse Effect.

(d) Each of Borrower and its Subsidiaries complies in all material respects with all laws and regulations relating to equal employment opportunity and employee safety in all jurisdictions in which it is presently doing business, and Borrower will use its best efforts to comply, and to cause each of its Subsidiaries to comply, with all such laws and regulations which may be legally imposed in the future in jurisdictions in which Borrower or any of its Subsidiaries may then be doing business, except where the failure to do so would not have a Materially Adverse Effect.

Section 6.16 Possession of Franchises, Licenses, Etc. Each of Borrower and its Subsidiaries possesses all material franchises, certificates, licenses, permits and other authorizations from governmental political subdivisions or regulatory authorities, free from burdensome restrictions, (including specifically all insurance agency licenses) the failure of which to possess could have a Materially Adverse Effect and neither Borrower nor any of its Subsidiaries is in violation of any thereof in any material respect.

Section 6.17 Patents, Etc. Schedule 6.17, each of Borrower and its Subsidiaries owns or has the right to use all patents, trademarks, service marks, trade names, copyrights, licenses and other rights, free from burdensome restrictions, which are necessary for the operation of its business as presently conducted. Nothing has come to the attention of Borrower or any of its Subsidiaries to the effect that (a) any product, process, method, substance, part or other material presently contemplated to be sold

by or employed by Borrower or any of its Subsidiaries in connection with its business may infringe any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person, (b) there is pending or threatened any claim or litigation against or affecting Borrower or any of its Subsidiaries contesting its right to sell or use any such product, process, method, substance, part or other material or (c) there is, or there is pending or proposed, any patent, invention, device, application or principle or any statute, law, rule, regulation, standard or code, which would in any case prevent, inhibit or render obsolete the production or sale of any products of, or substantially reduce the projected revenues of, or otherwise have a Materially Adverse Effect.

Section 6.18 Governmental Consent. Neither the nature of Borrower or any of its Subsidiaries nor any of their respective businesses or properties, nor any relationship between Borrower and any other Person, nor any circumstance in connection with the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby is such as to require on behalf of Borrower or any of its Subsidiaries any consent, approval or other action by or any notice to or filing with any court or administrative or governmental body in connection with the execution and delivery of this Agreement and the Credit Documents.

Section 6.19 Disclosure. Neither this Agreement nor the Credit Documents nor any other document, certificate or written statement furnished to Lender by or on behalf of Borrower in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact peculiar to Borrower which materially adversely affects or in the future may (so far as Borrower can now foresee) materially adversely affect the business, property or assets, financial condition or prospects of Borrower which has not been set forth in this Agreement or in the Credit Documents, certificates and written statements furnished to Lender by or on behalf of Borrower prior to the date hereof in connection with the transactions contemplated hereby.

Section 6.20 Insurance Coverage. Each property of Borrower or any of its Subsidiaries is insured on terms acceptable to Lender for the benefit of Borrower or a Subsidiary of Borrower in amounts deemed adequate by Borrower's management and no less than those amounts customary in the industry in which Borrower and its Subsidiaries operate against risks usually insured against by Persons operating businesses similar to those of Borrower or its Subsidiaries in the localities where such properties are located.

Section 6.21 Labor Matters. Except as set forth on **Schedule 6.21**, the Borrower and the Borrower's Subsidiaries have experienced no strikes, labor disputes, slow downs or work stoppages due to labor disagreements which have had, or would reasonably be expected to have, a Materially Adverse Effect, and, to the best knowledge of Borrower, there are no such strikes, disputes, slow downs or work stoppages threatened against any Borrower or any of Borrower's Subsidiaries, the result of which could have a Materially Adverse Effect. The hours worked and payment made to employees of the Borrower and Borrower's Subsidiaries have not been in violation in any material respect of the Fair Labor Standards Act or any other applicable law dealing with such matters. All payments due from the Borrower and Borrower's Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as liabilities on the books of the Borrower and Borrower's Subsidiaries where the failure to pay or accrue such liabilities would reasonably be expected to have a Materially Adverse Effect.

Section 6.22 Intercompany Loans; Dividends Error! Bookmark not defined.**.** The Intercompany Loans and the Intercompany Credit Documents, to the extent that they exist, have been duly authorized and approved by all necessary corporate and shareholder action on the part of the parties thereto, and constitute the legal, valid and binding obligations of the parties thereto, enforceable against each of them in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally, and by general principles of equity. There are no restrictions on the power of any Consolidated Company to repay any Intercompany Loan or to pay dividends on the Capital Stock. Intercompany loans as of the Closing Date are described in **Schedule 6.22**.

Section 6.23 Burdensome Restrictions. Except as set forth on **Schedule 6.23**, none of the Consolidated Companies is a party to or bound by any Contractual Obligation or Requirement of Law which has had or would reasonably be expected to have a Materially Adverse Effect.

Section 6.24 Solvency. Each of the Consolidated Company's is solvent and able to pay its debts as and when they accrue and are due.

Section 6.25 Guarantors - Income Requirement. The aggregate net income of the Borrower and the Guarantors, on an annualized basis, is not less than eighty percent (80%) of the Consolidated Net Income.

Section 6.26 SEC Compliance and Filings.

(a) Borrower is and shall remain in full and complete compliance with all applicable securities laws including, but not limited to, all requirements of the Exchange Act, to the extent applicable to the Borrower and its business.

(b) Borrower previously has furnished or made available to the Lender accurate and complete copies of forms, reports, and documents filed by Borrower with the Securities and Exchange Commission ("SEC") since December 31, 1993 (the "SEC Documents"), which include all reports, schedules, proxy statements, and registration statements filed or required to be filed by Borrower with the SEC since December 31, 1993. As of their respective dates, the SEC Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in those documents are necessary to make the statements in those documents not misleading, in light of the circumstances in which they were made.

Section 6.27 Capital Stock of Borrower and Related Matters.

(a) The Borrower is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Capital Stock or any warrants, options or other securities or rights directly or indirectly convertible into or exercisable or exchangeable for its Capital Stock.

Section 6.28 Places of Business

(a) The Places of Business identified in **Schedule 6.28(a)** hereof constitute all the Places of Business for the Consolidated Companies.

(b) The Places of Business identified in **Schedule 6.28(b)** hereof as Material Places of Business are the only Places of Business which are Material Places of Business.

ARTICLE VII

AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as it may borrow under this Agreement or so long as any indebtedness remains outstanding under the Note that it will:

Section 7.1 Corporate Existence, Etc. Preserve and maintain, and cause each of its Material Subsidiaries to preserve and maintain, its corporate existence, its material rights, franchises, and licenses, and its material patents and copyrights (for the scheduled duration thereof), trademarks, trade names, and service marks, necessary or desirable in the normal conduct of its business, and its qualification to do business as a foreign corporation in all jurisdictions where it conducts business or other activities making such qualification necessary, in each case where the failure to do so would reasonably be expected to have a Materially Adverse Effect.

Section 7.2 Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, with all Requirements of Law (including, without limitation, all insurance agency laws and the Environmental Laws, subject to the exception set forth in **Section 7.7(f)** where the penalties, claims, fines, and other liabilities resulting from noncompliance with such Environmental Laws do not involve amounts in excess of $1,000,000.00 in the aggregate) and material Contractual Obligations applicable to or binding on any of them where the failure to comply with such Requirements of Law and material Contractual Obligations would reasonably be expected to have a Materially Adverse Effect.

Section 7.3 Payment of Taxes and Claims, Etc. Pay, and cause each of its Subsidiaries to pay, (a) all taxes, assessments and governmental charges imposed upon it or upon its property, and (b) all claims (including, without limitation, claims for labor, materials, supplies or services) which might, if unpaid, become a Lien upon its property, unless, in each case, the validity or amount thereof is being contested in good faith by appropriate proceedings and adequate reserves are maintained with respect thereto.

Section 7.4 Keeping of Books Keep and cause each of its Subsidiaries to keep, proper books of record and account, containing complete and accurate entries of all their respective financial and business transactions.

Section 7.5 Visitation, Inspection, Etc. Permit, and cause each of its Subsidiaries to permit, any representative of the Lender to visit and inspect any of its property, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with its officers, all at such reasonable times and as often as the Lender or the Lender may reasonably request after reasonable prior notice to Borrower; **provided**, **however**, that at any time following the occurrence and during the continuance of a Default or an Event of Default, no prior notice to Borrower shall be required.

Section 7.6 Insurance; Maintenance of Properties.

(a) Maintain or cause to be maintained with financially sound and reputable insurers, insurance with respect to its properties and business, and the properties and business of the Borrower and each of its Subsidiaries, against loss or damage of the kinds customarily insured against by reputable companies in the same or similar businesses, such insurance to be of such types and in such amounts, including such self-insurance and deductible provisions, as is customary for such companies under similar circumstances; **provided**, **however**, that in any event Borrower shall use its best efforts to maintain, or cause to be maintained, insurance in amounts and with coverage not materially less favorable to any Consolidated Company as in effect on the date of this Agreement, except where the costs of maintaining such insurance would, in the judgment of both Borrower and the Lender, be excessive.

(b) Cause all properties used or useful in the conduct of each Consolidated Company to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, settlements and improvements thereof, all as in the judgment of Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; **provided**, **however**, that nothing in this Section shall prevent Borrower from discontinuing the operation or maintenance of any such properties if such discontinuance is, in the judgment of Borrower, desirable in the conduct of its business or the business of any Consolidated Company.

Section 7.7 Reporting Covenants. Furnish to the Lender:

(a) **Annual Financial Statements**. As soon as available and in any event within ninety (90) days after the end of each fiscal year of Borrower, balance sheets of the Consolidated Companies as at the end of such year, presented on a consolidated basis, and the

related statements of income, shareholders' equity, and cash flows of the Consolidated Companies for such fiscal year, presented on a consolidated basis, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of Arthur Andersen, LLP or other independent public accountants of comparable recognized national standing, which such report shall be unqualified as to going concern and scope of audit and shall state that such financial statements present fairly in all material respects the financial condition as at the end of such fiscal year on a consolidated basis, and the results of operations and statements of cash flows of the Consolidated Companies for such fiscal year in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with GAAP, and where said financial statements are not consistently applied with the prior fiscal year statements and the impact of said difference;

(b) **Quarterly Financial Statements**. As soon as available and in any event within forty-five (45) days after the end of each fiscal quarter of Borrower (including the fourth fiscal quarter), balance sheets of the Consolidated Companies as at the end of such quarter presented on a consolidated basis and the related statements of income, shareholders' equity, and cash flows of the Consolidated Companies for such fiscal quarter and for the portion of Borrower's fiscal year ended at the end of such quarter, presented on a consolidated basis setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Borrower's previous fiscal year, all in reasonable detail and certified by the chief financial officer or principal accounting officer of Borrower that such financial statements fairly present in all material respects the financial condition of the Consolidated Companies as at the end of such fiscal quarter on a consolidated basis, and the results of operations and statements of cash flows of the Consolidated Companies for such fiscal quarter and such portion of Borrower's fiscal year, in accordance with GAAP consistently applied (subject to normal year end audit adjustments and the absence of certain footnotes;

(c) **No Default/Compliance Certificate**. Together with the financial statements required pursuant to subsections (a) and (b) above, a certificate of the president, chief financial officer or principal accounting officer of Borrower (i) to the effect that, based upon a review of the activities of the Consolidated Companies and such financial statements during the period covered thereby, there exists no Event of Default and no Default under this Agreement, or if there exists an Event of Default or a Default hereunder, specifying the nature thereof and the proposed response thereto, and (ii) demonstrating in reasonable detail compliance as at the end of such fiscal year or such fiscal quarter with **Section 7.8** and **Sections 8.1** through **8.4.** In addition, along with said Compliance Certificate, the Borrower will furnish a quarterly report of all Funded Debt, in form reasonably acceptable to the Lender;

(d) **Notice of Default**. Promptly after Borrower has notice or knowledge of the occurrence of an Event of Default or a Default, a certificate of the chief financial officer or principal accounting officer of Borrower specifying the nature thereof and the proposed response thereto;

(e) **Litigation**. Promptly after (i) the occurrence thereof, notice of the institution of or any adverse development in any action, suit or proceeding or any governmental investigation or any arbitration, before any court or arbitrator or any governmental or administrative body, agency or official, against any Consolidated Company, or any material property thereof, in any case which might have a Materially Adverse Effect, or (ii) actual knowledge thereof, notice of the threat of any such action, suit, proceeding, investigation or arbitration;

(f) **Environmental Notices**. Promptly after receipt thereof, notice of any actual or alleged violation, or notice of any action, claim or request for information, either judicial or administrative, from any governmental authority relating to any actual or alleged claim, notice of potential responsibility under or violation of any Environmental Law, or any actual or alleged spill, leak, disposal or other release of any Hazardous Material by any Consolidated Company which could result in penalties, fines, claims or other liabilities to any Consolidated Company in amounts in excess of $1,000,000.00 individually or in the aggregate;

(g) **ERISA.**

(i) Promptly after the occurrence thereof with respect to any Plan of any Consolidated Company or any ERISA Affiliate thereof, or any trust established thereunder, notice of (A) a "reportable event" described in Section 4043 of ERISA and the regulations issued from time to time thereunder (other than a "reportable event" not subject to the provisions for thirty day notice to the PBGC under such regulations), or (B) any other event which could subject any Consolidated Company to any tax, penalty or liability under Title I or Title IV of ERISA or Chapter 43 of the Code, or any tax or penalty resulting from a loss of deduction under Sections 162, 404 or 419 of the Code, where any such taxes, penalties or liabilities exceed or could exceed $1,000,000.00 in the aggregate;

(ii) Promptly after such notice must be provided to the PBGC, or to a Plan participant, beneficiary or alternative payee, any notice required under Section 101(d), 302(f)(4), 303, 307, 4041(b)(1)(A) or 4041(c)(1)(A) of ERISA or under Section 401(a)(29) or 412 of the Code with respect to any Plan of any Consolidated Company or any ERISA Affiliate thereof;

(iii) Promptly after receipt, any notice received by any Consolidated Company or any ERISA Affiliate thereof concerning the intent of the PBGC or any other governmental authority to terminate a Plan of such Company or ERISA Affiliate thereof which is subject to Title IV of ERISA, to impose any liability on such Company or ERISA Affiliate under Title IV of ERISA or Chapter 43 of the Code;

(iv) Upon the request of the Lender, promptly upon the filing thereof with the Internal Revenue Service ("IRS") or the Department of Labor ("DOL"), a copy of IRS Form 5500 or annual report for each Plan of any Consolidated Company or ERISA Affiliate thereof which is subject to Title IV of ERISA;

(v) Upon the request of the Lender, (A) true and complete copies of any and all documents, government reports and IRS determination or opinion letters or rulings for any Plan of any Consolidated Company from the IRS, PBGC or DOL, (B) any reports filed with the IRS, PBGC or DOL with respect to a Plan of the Consolidated Companies or any ERISA Affiliate thereof, or (C) a current statement of withdrawal liability for each MultiEmployer Plan of any Consolidated Company or any ERISA Affiliate thereof;

(h) **Liens**. Promptly upon any Consolidated Company becoming aware thereof, notice of the filing of any federal statutory Lien, tax or other state or local government Lien or any other Lien affecting their respective properties, other than Permitted Liens except as expressly required by **Section 8.2**;

(i) **Public Filings, Etc.** Promptly upon the filing thereof or otherwise becoming available, copies of all financial statements, annual, quarterly and special reports, proxy statements and notices sent or made available generally by Borrower to its public security holders, of all regular and periodic reports and all registration statements and prospectuses, if any, filed by any of them with any securities exchange or any governmental or state agency, and of all press releases and other statements made available generally to the public containing material developments in the business or financial condition of Borrower and the other Consolidated Companies;

(j) **Accountants' Reports**. Promptly upon receipt thereof, copies of all financial statements of, and all reports submitted by, independent public accountants to Borrower in connection with each annual, interim, or special audit of Borrower's consolidated financial statements;

(k) **Burdensome Restrictions, Etc**. Promptly upon the existence or occurrence thereof, notice of the existence or occurrence of (i) any Contractual Obligation or Requirement of Law described in **Section 6.23** , (ii) failure of any Consolidated Company to hold in full force and effect those material trademarks, service marks, patents, trade names, copyrights, licenses and similar rights necessary in the normal conduct of its business, and (iii) any strike, labor dispute, slow down or work stoppage as described in **Section 6.21**;

(l) **New Material Subsidiaries**. Within thirty (30) days after the formation or acquisition of any Material Subsidiary, or any other event resulting in the creation of a new Material Subsidiary, notice of the formation or acquisition of such Material Subsidiary or such occurrence, including a description of the assets of such entity, the activities in which it will be engaged, and such other information as the Lender may request;

(m) **Intercompany Asset Transfers.** Promptly upon the occurrence thereof, notice of the transfer of any assets from Borrower or any Guarantor to any other Consolidated Company that is not Borrower or a Guarantor (in any transaction or series of related transactions), excluding sales or other transfers of assets in the ordinary course of business, where the Asset Value of such assets is less than $1,000,000.00;

(m) **Other Information**. With reasonable promptness, such other information about the Consolidated Companies as the Lender may reasonably request from time to time;

(n) **Capital of Borrower**.

(i) Notice of any sale of any Capital Stock by the Borrower, giving for each said transaction the name and address of the Persons involved and the Capital Stock involved.

(ii) Any documents, notices or other writings given by any Person owning Capital Stock in the Parent under any stockholders agreement by one or more Persons owning Capital Stock of the Borrower.

Section 7.8 Maintain the Following Financial Covenants.

(a) Net Worth of a minimum of the sum of (i) $100,000,000.00 **plus** (ii) 50% of cumulative Net Income after June 30, 2000, **plus** (iii) 100% of net cash raised through contribution or issuance of new equity, **less** (iv) receivables from affiliates.

(b) A Fixed Charge Ratio of not less than 1.25 to 1.00 (The Fixed Charge Ratio is defined as (Net Income + Operating Lease Payments + Provision for Taxes + Interest Expense + Depreciation + Amortization - Capital Expenditures - Dividends) / (Scheduled Principal Payment + Interest Expense + Operating Lease Payments).

(c) A Debt to EBITDA ratio of not greater than 2.50 to 1.00. (This ratio is defined as (Revolving Debt + Guaranteed Debt + Term Debt)/(Net Income + Provision for Taxes + Interest Expense + Depreciation + Amortization).

Covenants will be tested quarterly on a rolling four quarter schedule.

Section 7.9 Notices Under Certain Other Indebtedness. Immediately upon its receipt thereof, Borrower shall furnish the Lender a copy of any notice received by it, or any other Consolidated Company (a) from the holder(s) of Indebtedness referred to in **Section 8.1** (or from any trustee, agent, attorney, or other party acting on behalf of such holder(s)) in an amount which, in the aggregate, exceeds $1,000,000.00 where such notice states or claims the existence or occurrence of any default or event of default with respect to such Indebtedness under the terms of any indenture, loan or credit agreement, debenture, note, or other document evidencing or governing such Indebtedness, or (b) from any regulatory insurance agency or insurance company regrading any

licenses or agreements regarding the business of the Consolidated Company and which could have a Material Adverse Effect. Borrower agrees to take such actions as may be necessary to require the holder(s) of any Indebtedness (or any trustee or agent acting on their behalf) in an amount exceeding $1,000,000.00 incurred pursuant to documents executed or amended and restated after the Closing Date, to furnish copies of all such notices directly to the Lender simultaneously with the furnishing thereof to Borrower, and that such requirement may not be altered or rescinded without the prior written consent of the Lender.

Section 7.10 Additional Guarantors. Promptly after (a) the formation or acquisition (provided that nothing in this Section shall be deemed to authorize the acquisition of any entity) of any Material Subsidiary not listed on **Schedule 7.10**, (b) the transfer of assets to any Consolidated Company if notice thereof is required to be given pursuant to **Section 7.7(m)** and as a result thereof the recipient of such assets becomes a Material Subsidiary, (c) the occurrence of any other event creating a new Material Subsidiary, or (d) the failure to meet the aggregate income requirement in **Section 6.25** if the resulting requirement at the Material Subsidiary requirement will be reduced (thus requiring additional Material Subsidiaries), Borrower shall cause to be executed and delivered a (i) Guaranty Agreement from each such Material Subsidiary in the form reasonably acceptable to Lender and (ii) the joinder to the Contribution Agreement by such Material Subsidiary.

Section 7.11 Ownership of Guarantors. Borrower, and each Wholly Owned Subsidiary, as the case may be, shall maintain its percentage of ownership existing as of the date hereof of all Guarantors, and shall not decrease its ownership percentage in each Person which becomes a Guarantor after the date hereof, as such ownership exists at the time such Person becomes a Guarantor or may be increased thereafter.

ARTICLE VIII

NEGATIVE COVENANTS

So long as the Revolving Loan Commitment remains in effect hereunder or the Note shall remain unpaid, Borrower will not and will not permit any Subsidiary to:

Section 8.1 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, other than:

(a) Indebtedness under this Agreement;

(b) Indebtedness outstanding on the date hereof or pursuant to lines of credit in effect on the date hereof and described on **Schedule 8.1(b)**, together with all extensions, renewals and refinancings thereof; **provided**, **however**, any such extensions, renewals and refinancings shall not, without the written consent of the Lender, increase any such Indebtedness or modify the terms of said Indebtedness on terms less favorable to the maker or obligor;

(c) Purchase money Indebtedness to the extent secured by a Lien permitted by **Section 8.2(b)** provided such purchase money Indebtedness does not exceed $5,000,000.00;

(d) Unsecured current liabilities (other than liabilities for borrowed money or liabilities evidenced by promissory notes, bonds or similar instruments) incurred in the ordinary course of business (whether now outstanding or hereafter arising or incurred) and either (i) not more than thirty (30) days past due, or (ii) being disputed in good faith by appropriate proceedings with reserves for such disputed liability maintained in conformity with GAAP and Indebtedness in the nature of contingent repayment obligations arising in the ordinary and normal course of business with respect to-deposits and down payments;

(e) The Intercompany Loans described on **Schedule 6.22** and any other loans between Consolidated Companies not exceeding individually at any time the amount of $500,000.00 and in the aggregate at any time the amount of $1,000,000.00 (excluding Intercompany Loans listed on **Schedule 6.22**), provided that no loan or other extension of credit may be made by a Guarantor to another Consolidated Company that is not a Guarantor hereunder unless otherwise agreed in writing by the Lender; and

(f) Unsecured, Subordinated Debt, not to exceed an aggregate amount of $25,000,000.00, and other Subordinated Debt in form and substance acceptable to the Lender and evidenced by its written consent thereto.

Section 8.2 Liens. Create, incur, assume or suffer to exist any Lien on any of its property now owned or hereafter acquired to secure any Indebtedness other than:

(a) Liens existing on the date hereof disclosed on **Schedule 8.2**, and provided no Event of Default has occurred and is then continuing, any renewal, extension or refunding of such Lien in an amount not exceeding the amount thereof remaining unpaid immediately prior to such renewal, extension or refunding;

(b) Any Lien on any property securing Indebtedness incurred or assumed for the purpose of financing all or any part of the acquisition cost of such property and any refinancing thereof, provided that such Lien does not extend to any other property, and provided further that the aggregate principal amount of Indebtedness secured by all such Liens at any time does not exceed $5,000,000.00;

(c) Liens for taxes not yet due, and Liens for taxes or Liens imposed by ERISA which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained;

(d) Statutory Liens of landlords (excluding however any Material Places of Business) and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law created in the ordinary course of business for amounts not yet due or

which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained;

(e) Liens incurred or deposits made in the ordinary course of business in connection with workers or workman's compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(f) Liens securing the Facilities; and

(g) Liens reserved or invested in governmental authority (including without limitation zoning laws) which do not materially impair the use of such property.

Section 8.3 Sales. Etc. Sell, lease, or otherwise dispose of its accounts, property or other assets (including Capital Stock of Subsidiaries); **provided**, **however**, that the foregoing restrictions on asset sales shall not be applicable to (a) sales of equipment or other personal property being replaced by other equipment or other personal property purchased as a capital expenditure item, (b) other asset sales (including the Capital Stock of Subsidiaries) from one Credit Party to the other, and (c) other asset sales provided that no Default or Event of Default then exists or would arise by virtue of said sale and the sale price or the value of said sale (as reasonably determined by the Board of Directors of the selling Consolidated Company) for said sale is less than $3,000,000.00

Section 8.4 Mergers, Acquisitions, Etc. Merge or consolidate with any other Person, or acquire by purchase any other person or its assets; **provided**, **however**, that the foregoing restrictions on mergers or acquisitions shall not apply to (a) Permitted Acquisition **provided that** notice of said pending Permitted Acquisition is given to the Lender along with a certification after said Permitted Acquisition that this Agreement has been complied with both before and after said Acquisition, (b) mergers between a Subsidiary of Borrower and Borrower or between Subsidiaries of Borrower, or (c) mergers between a third party and the Borrower where the Borrower is the surviving corporation **provided that** said merger is a Permitted Acquisition; **provided further**, **however**, that no transaction pursuant to clauses (a), (b), or (c) shall be permitted if any Default or Event of Default otherwise exists at the time of such transaction or would otherwise arise as a result of such transaction.

Section 8.5 Investments, Loans. Etc. Make, permit or hold any Investments in any Person, or otherwise acquire or hold any Subsidiaries, other than:

(a) Those investments referenced in **Schedule 8.5**;

(b) Investments in Subsidiaries that are Guarantors under this Agreement, whether such Subsidiaries are Guarantors on the Closing Date or become Guarantors in accordance with **Section 7.10** after the Closing Date; **provided**, **however**, nothing in this **Section 8.5** shall be deemed to authorize an investment pursuant to this subsection (b) in any entity that is not a Subsidiary and a Guarantor prior to such investment;

(c) Investments in Subsidiaries, other than those Subsidiaries that are or become Guarantors under this Agreement, made after the Closing Date, in an aggregate amount not to exceed $1,000,000.00 unless otherwise consented to in writing by the Lender;

(d) Direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, in each case supported by the full faith and credit of the United States and maturing within one year from the date of creation thereof;

(e) Commercial paper maturing within one (1) year from the date of creation thereof rated in the highest grade by a nationally recognized credit rating agency;

(f) Time deposits maturing within one (1) year from the date of creation thereof with, including certificates of deposit issued by the Lender and any office located in the United States of any bank or trust company which is organized under the laws of the United States or any state thereof and has assets aggregating at least $500,000,000.00, including without limitation, any such deposits in Eurodollars issued by a foreign branch of any such bank or trust company;

(g) Investments made by Plans;

(h) Permitted Intercompany Loans on terms and conditions acceptable to the Lender;

(i) Investments in stock or assets of another entity which thereby becomes a Subsidiary, in an aggregate amount not to exceed $5,000,000.00 in cash consideration, which transaction constitutes a Permitted Acquisition; and

(j) Advances made to employees in the ordinary and normal course of business consistent with past practice and for business purposes, and which advances are repaid by the employee within thirty (30) days.

Section 8.6 Sale and Leaseback Transactions. Sell or transfer any property, real or personal, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which any Consolidated Company intends to use for substantially the same purpose or purposes as the property being sold or transferred.

Section 8.7 Transactions with Affiliates. Except as otherwise approved in writing by the Lender:

(a) Enter into any material transaction or series of related transactions which in the aggregate would be material, whether or not in the ordinary course of business, with any Affiliate of any Consolidated Company (but excluding any Affiliate which is also a Wholly Owned Subsidiary), other than on terms and conditions substantially as favorable to such Consolidated Company as would be obtained by such Consolidated Company at the time in a comparable arm's length transaction with a Person other than an Affiliate; or

(b) Convey or transfer to any other Person (including any other Consolidated Company) any real property, buildings, or fixtures used in the manufacturing or production operations of any Consolidated Company, or convey or transfer to any other Consolidated Company any other assets (excluding conveyances or transfers in the ordinary course of business) if at the time of such conveyance or transfer any Default or Event of Default exists or would exist as a result of such conveyance or transfer.

Section 8.8 Optional Prepayments. Directly or indirectly, prepay, purchase, redeem, retire, defense or otherwise acquire, or make any optional payment on account of any principal of, interest on, or premium payable in connection with the optional prepayment, redemption or retirement of, any of its Indebtedness, or give a notice of redemption with respect to any such Indebtedness, or make any payment in violation of the subordination provisions of any Subordinated Debt, except with respect to (a) the Obligations under this Agreement and the Notes, (b) prepayments of Indebtedness outstanding pursuant to revolving credit, overdraft and line of credit facilities permitted pursuant to **Section 8.1 (c), (d), (g) and (h)**, (c) Intercompany Loans made or outstanding pursuant to **Section 8.1(e)**, (d) Intercompany Loans where both Consolidated Companies are not Credit Parties made or outstanding pursuant to **Section 8.1** upon the prior written consent of the Lender, and (e) Subordinated Debt, upon the prior written consent, of the Lender.

Section 8.9 Changes in Business. Enter into any business which is substantially different from that presently conducted by the Consolidated Companies taken as a whole.

Section 8.10 ERISA. Take or fail to take any action with respect to any Plan of any Consolidated Company or, with respect to its ERISA Affiliates, any Plans which are subject to Title IV of ERISA or to continuation health care requirements for group health plans under the Code, including without limitation (a) establishing any such Plan, (b) amending any such Plan (except where required to comply with applicable law), (c) terminating or withdrawing from any such Plan, or (d) incurring an amount of unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA, or any withdrawal liability under Title IV of ERISA with respect to any such Plan, without first obtaining the written approval of the Lender and the Required Lender, to the extent that such actions or failures could result in a Materially Adverse Effect.

Section 8.11 Additional Negative Pledges. Create or otherwise cause or suffer to exist or become effective, directly or indirectly, any prohibition or restriction on the creation or existence of any Lien upon any asset of any Consolidated Company, other than pursuant to (a) the terms of any agreement, instrument or other document pursuant to which any Indebtedness permitted by **Section 8.2(b)** is incurred by any Consolidated Company, so long as such prohibition or restriction applies only to the property or asset being financed by such Indebtedness, and (b) any requirement of applicable law or any regulatory authority having jurisdiction over any of the Consolidated Companies.

Section 8.12 Limitation on Payment Restrictions Affecting Consolidated Companies. Create or otherwise cause or suffer to exist or become effective, any consensual encumbrance or restriction on the ability of any Consolidated Company to (a) pay dividends or make any other distributions on such Consolidated Company's stock, or (b) pay any indebtedness owed to Borrower or any other Consolidated Company, or (c) transfer any of its property or assets to Borrower or any other Consolidated Company, except any consensual encumbrance or restriction existing under the Credit Documents.

Section 8.13 Actions Under Certain Documents. Without the prior written consent of the Lender (which consent shall not be unreasonably withheld), modify, amend, cancel or rescind the Intercompany Loans or Intercompany Credit Documents (except that a loan between Consolidated Companies as permitted by **Section 8.1** may be modified or amended so long as it otherwise satisfies the requirements of **Section 8.1**), or make demand of payment or accept payment on any Intercompany Loans permitted by **Section 8.1**, except that current interest accrued thereon as of the date of this Agreement and all interest subsequently accruing thereon (whether or not paid currently) may be paid unless a Default or Event of Default has occurred and is continuing.

Section 8.14 Financial Statements; Fiscal Year. Borrower shall make no change in the dates of the fiscal year now employed for accounting and reporting purposes without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

Section 8.15 Change of Management. Allow or suffer to occur any change of management of the Borrower which creates an Event of Default under **Section 9.13**.

Section 8.16 Change of Control. Allow or suffer to occur any change of control of the Borrower in violation of **Section 9.11**.

Section 8.17 Guaranties. Without the prior written consent of the Lender, extend or execute any Guaranty other than (a) endorsements of instruments for deposit or collection in the ordinary and normal course of business, (b) Guaranties acceptable in writing to the Lender, and (c) Guaranties for obligations of any Consolidated Subsidiary; **provided**, **however**, said Guaranteed Indebtedness will not exceed the aggregate amount of $10,000,000.00 without the prior written consent of the Lender.

Section 8.18 Changes in Debt Instruments Error! Bookmark not defined.**.** Without the prior written consent of the Lender, enter into any amendment, change or modification of any agreement relating to any Indebtedness; **provided**, **however**, the foregoing restrictions shall not prohibit any such amendment, change or modification where (a) it relates solely to an extension of a maturity date if said Indebtedness is not already in default, and (b) other changes in said agreements which are not material; **provided**,

however, if said amendment, change or modification constitutes the waiver of any default condition under said agreement, notice of said matter along with a copy of said amendment, change or modification shall be given to the Lender.

Section 8.19 This section is not applicable.

Section 8.20 No Issuance of Capital Stock. Without the prior written consent of the Lender permit any Subsidiary to issue any additional Capital Stock.

Section 8.21 No Payments on Subordinated Debt. Without the prior written consent of the Lender:

(a) The Borrower shall not make or cause any payment of principal to be made on the Subordinated Debt unless and until all Obligations due the Lender hereunder are paid in full;

(b) The Borrower shall not make or cause any payment of interest to be made on the Subordinated Debt except and only to the extent and only during the period of time permitted under the Subordinated Debt document; and

Upon the occurrence and continuation of an Event of Default and, as a result of which, the Lender has elected to exercise any of the remedies under **Article IX**, the Borrower shall not thereafter make or permit any payments of any nature whatsoever to be made on any Subordinated Debt.

Section 8.22 Insurance Business Without the prior written consent of the Lender no Consolidated Company may engage in any business in the nature of an insurance company, in which the Consolidated Company assumes the risk as an insurer.

ARTICLE IX

EVENTS OF DEFAULT

Upon the occurrence and during the continuance of any of the following specified events (each an "**Event of Default**"):

Section 9.1 Payments. Borrower shall fail to make promptly when due (including, without limitation, by mandatory prepayment) any principal payment with respect to the Loans, or Borrower shall fail to make within five (5) Business Days after the due date thereof any payment of interest, fee or other amount payable hereunder;

Section 9.2 Covenants Without Notice. Borrower shall fail to observe or perform any covenant or agreement contained in **Sections 7.8**, **7.11**, or **8.1** through **8.22**;

Section 9.3 Other Covenants. Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement, other than those referred to in **Sections 9.1** and **9.2**, and, if capable of being remedied, such failure shall remain unremedied for thirty (30) days after the earlier of (a) Borrower's obtaining actual knowledge thereof, or (b) written notice thereof shall have been given to Borrower by Lender or the Lender;

Section 9.4 Representations. Any representation or warranty made or deemed to be made by Borrower or any other Credit Party under this Agreement or any other Credit Document (including the Schedules attached thereto), or any certificate or other document submitted to the Lender or the Lender by any such Person pursuant to the terms of this Agreement or any other Credit Document, shall be incorrect in any material respect when made or deemed to be made or submitted;

Section 9.5 Non-Payments of Other Indebtedness. Any Consolidated Company shall fail to make when due (whether at stated maturity, by acceleration, on demand or otherwise, and after giving effect to any applicable grace period) any payment of principal of or interest on any Indebtedness (other than the Obligations) exceeding $1,000,000.00 in the aggregate;

Section 9.6 Defaults Under Other Agreements. Any Consolidated Company shall fail to observe or perform any covenants or agreements contained in any agreements or instruments relating to any of its Indebtedness exceeding $1,000,000.00 in the aggregate, or any other event shall occur in respect of Indebtedness exceeding $1,000,000.00 if the effect of such failure or other event is to accelerate, or to permit the holder of such Indebtedness or any other Person to accelerate, the maturity of such Indebtedness; or any such Indebtedness shall be required to be prepaid (other than by a regularly scheduled required prepayment) in whole or in part prior to its stated maturity;

Section 9.7 Bankruptcy. Any Consolidated Company shall commence a voluntary case concerning itself under the Bankruptcy Code or an involuntary case for bankruptcy is commenced against any Consolidated Company and the petition is not controverted within ten (10) days, or is not dismissed within sixty (60) days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or any substantial part of the property of any Consolidated Company; or any Consolidated Company commences proceedings of its own bankruptcy or to be granted a suspension of payments or any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction, whether now or hereafter in effect, relating to any Consolidated Company or there is commenced against any Consolidated Company any such proceeding which remains undismissed for a period of sixty (60) days; or any Consolidated Company is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or any Consolidated Company suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of sixty (60) days; or any Consolidated Company makes a general assignment for the benefit of creditors; or any Consolidated Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or any Consolidated Company shall call a meeting of its creditors

with a view to arranging a composition or adjustment of its debts; or any Consolidated Company shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate action is taken by any Consolidated Company for the purpose of effecting any of the foregoing;

Section 9.8 ERISA. A Plan of a Consolidated Company or a Plan subject to Title IV of ERISA of any of its ERISA Affiliates:

(a) shall fail to be funded in accordance with the minimum funding standard required by applicable law, the terms of such Plan, Section 412 of the Code or Section 302 of ERISA for any plan year or a waiver of such standard is sought or granted with respect to such Plan under applicable law, the terms of such Plan or Section 412 of the Code or Section 303 of ERISA; or

(b) is being, or has been, terminated or the subject of termination proceedings under applicable law or the terms of such Plan; or

(c) shall require a Consolidated Company to provide security under applicable law, the terms of such Plan, Section 401 or 412 of the Code or Section 306 or 307 of ERISA; or

(d) results in a liability to a Consolidated Company under applicable law, the terms of such Plan, or Title IV of ERISA;

and there shall result from any such failure, waiver, termination or other event a liability to the PBGC or a Plan that would have a Materially Adverse Effect;

Section 9.9 Money Judgment. A Judgment or order for the payment of money in excess of $1,000,000.00 or otherwise having a Materially Adverse Effect shall be rendered against any other Consolidated Company, and such judgment or order shall continue unsatisfied (in the case of a money judgment) and in effect for a period of sixty (60) days during which execution shall not be effectively stayed or deferred (whether by action of a court, by agreement or otherwise). In regard to the foregoing, amounts which are fully covered by insurance shall not be considered in regard to the foregoing $1,000,000.00 limit.

Section 9.10 Ownership of Credit Parties and Pledged Entities. If shall at any time fail to own and control the required percentage of the voting stock of any Guarantor, either directly or indirectly through a Wholly-Owned Subsidiary, as of the date that Person became or was required to become a Guarantor.

Section 9.11 Change in Control of Borrower.

(a) Any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than stockholders existing on the Closing Date or their affiliates and the Persons set forth in **Schedule 9.11** , shall become the "beneficial owner(s)" (as defined in said Rule 13d-3 of the Exchange Act) of more than forty percent (40%) of the shares of the outstanding Capital Stock of Borrower entitled to vote for members of Borrower's board of directors; or

(b) Any event or condition shall occur or exist which, pursuant to the terms of any change in control provision, requires or permits the holder(s) of Indebtedness of any Consolidated Company to require that such Indebtedness be redeemed, repurchased, defeased, prepaid or repaid, in whole or in part, or the maturity of such Indebtedness to be accelerated in any respect.

Section 9.12 Default Under Other Credit Documents. There shall exist or occur any "Event of Default" as provided under the terms of any other Credit Document (after giving effect to any applicable grace period), or any Credit Document ceases to be in full force and effect or the validity or enforceability thereof is disaffirmed by or on behalf of any Credit Party, or at any time it is or becomes unlawful for any Credit Party to perform or comply with its obligations under any Credit Document, or the obligations of any Credit Party under any Credit Document are not or cease to be legal, valid and binding on any such Credit Party;

Section 9.13 This Section is not applicable.

Section 9.14 Attachments. An attachment or similar action shall be made on or taken against any of the assets of any Consolidated Company with an Asset Value exceeding $1,000,000.00 in aggregate and is not removed, suspended or enjoined within thirty (30) days of the same being made or any suspension or injunction being lifted.

Section 9.15 Default Under Subordinated Loan Documents. An Event of Default occurs and is continuing under any Subordinated Debt; or

Section 9.16 Material Adverse Effect. The occurrence of any Material Adverse Effect in the financial condition of any Consolidated Company or its business;

then, and in any such event, and at any time thereafter if any Event of Default shall then be continuing, the Lender may, and upon the written request of the Lender, shall, by written notice to Borrower, take any or all of the following actions, without prejudice to the rights of the Lender, the Lender or the holder of any Note to enforce its claims against Borrower or any other Credit Party: (i) declare the Revolving Loan Commitment and/or the Term Loan Commitment terminated, whereupon such Commitment is of the Lender shall terminate immediately and any fees due under this Agreement shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest on the Loans, and all other obligations owing hereunder, to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower; (iii) exercise such other remedies as are provided to the Lender under any other Credit Document; (iv) exercise such other rights as may be provided by applicable law; and (v) declare that all Obligations shall thereafter bear interest at the Default Rate; provided, that, if an Event of Default specified in **Section 9.7** shall

occur, the result which would occur upon the giving of written notice by the Lender to any Credit Party, as specified in clauses (i), (ii), (iii) or, (iv) or (v) above, shall occur automatically without the giving of any such notice.

ARTICLE X

This Article is not applicable.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, telecopy or similar teletransmission or writing) and shall be given to such party at its address or applicable teletransmission number set forth on the signature pages hereof, or such other address or applicable teletransmission number as such party may hereafter specify by notice to the Lender and Borrower. Each such notice, request or other communication shall be effective (a) if given by mail, seventy-two (72) hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (c) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in the signature page hereto and the appropriate confirmation is received, or (c) if given by any other means (including, without limitation, by air courier), when delivered or received at the address specified in the signature page hereto; provided that notices to the Lender shall not be effective until received.

Section 11.2 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the other Credit Documents, nor consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, no amendment, waiver or consent shall, unless in writing and signed by the Lender in addition to the Lender required hereinabove to take such action, affect the rights or duties of the Lender under this Agreement or under any other Credit Document.

Section 11.3 No Waiver; Remedies Cumulative. No failure or delay on the part of the Lender in exercising any right or remedy hereunder or under any other Credit Document, and no course of dealing between any Credit Party and the Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lender, would otherwise have. No notice to or demand on any Credit Party not required hereunder or under any other Credit Document in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Lender, any other or further action in any circumstances without notice or demand.

Section 11.4 Payment of Expenses, Etc. Borrower shall:

(a) whether or not the transactions hereby contemplated are consummated, pay all reasonable, out-of-pocket costs and expenses of the Lender in the administration (both before and after the execution hereof and including reasonable expenses actually incurred relating to advice of counsel as to the rights and duties of the Lender with respect thereto) of, and in connection with the preparation, execution and delivery of, preservation of rights under, enforcement of, and, after a Default or Event of Default, refinancing, renegotiation or restructuring of, this Agreement and the other Credit Documents and the documents and instruments referred to therein, and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees actually incurred and disbursements of counsel for the Lender), and in the case of enforcement of this Agreement or any Credit Document after the occurrence and during the continuance of an Event of Default, all such reasonable, out-of-pocket costs and expenses (including, without limitation, the reasonable fees actually incurred and disbursements of counsel), for any of the Lender;

(b) subject, in the case of certain Taxes, to the applicable provisions of **Section 4.7(b)**, pay and hold the Lender harmless from and against any and all present and future stamp, documentary, intangible and other similar Taxes with respect to this Agreement, the Notes and any other Credit Documents, any collateral described therein, or any payments due thereunder, including interest and penalties and save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission of Borrower to pay such Taxes; **provided**, **however**, nothing contained in this subsection shall obligate the Borrower to pay any taxes based on the overall income of the Lender; and

(c) indemnify the Lender, and its officers, directors, employees, representatives and agents from, and hold each of them harmless against, any and all costs, losses, liabilities, claims, damages or expenses incurred by any of them (whether or not any of them is designated a party thereto) (an "**Indemnitee**") arising out of or by reason of any third party investigation, litigation or other proceeding related to any actual or proposed use of the proceeds of any of the Loans or any Credit Party's entering into and performing of the Agreement, the Notes, or the other Credit Documents, including, without limitation, the reasonable fees actually incurred and disbursements of counsel (including foreign counsel) incurred in connection with any such third party investigation, litigation or other proceeding; **provided**, **however**, Borrower shall not be obligated to indemnify any Indemnitee for any of the foregoing arising out of such Indemnitee's gross negligence or willful misconduct or the breach by the Indemnitee of its obligations under this Agreement;

(d) without limiting the indemnities set forth in subsection (c) above, indemnify each Indemnitee for any and all expenses and costs (including without limitation, remedial, removal, response, abatement, cleanup, investigative, closure and monitoring costs), losses, claims (including claims for contribution or indemnity and including the cost of investigating or defending any claim and whether

or not such claim is ultimately defeated, and whether such claim arose before, during or after any Credit Party's ownership, operation, possession or control of its business, property or facilities or before, on or after the date hereof, and including also any amounts paid incidental to any compromise or settlement by the Indemnitee or Indemnitees to the holders of any such claim), lawsuits, liabilities, obligations, actions, judgments, suits, disbursements, encumbrances, liens, damages (including without limitation damages for contamination or destruction of natural resources), penalties and fines of any kind or nature whatsoever (including without limitation in all cases the reasonable fees actually incurred, other charges and disbursements of counsel in connection therewith) incurred, suffered or sustained by that Indemnitee based upon, arising under or relating to Environmental Laws based on, arising out of or relating to in whole or in part, the existence or exercise of any rights or remedies by any Indemnitee under this Agreement, any other Credit Document or any related documents (but excluding those incurred, suffered or sustained by any Indemnitee as a result of any action taken by or on behalf of the Lender with respect to any Subsidiary of Borrower (or the assets thereof) owned or controlled by the Lender). The indemnity permitted in this clause (d) shall (i) not apply as to any Indemnity to any costs or expenses in connection with any condition, suspected condition, threatened condition or alleged condition which first arises and occurs after said Indemnitee Lender succeeds to the ownership of, takes possession of or operates the business or any property of the Borrower or any of its Subsidiaries, and (ii) in the case of cleanup, investigative, closure and monitoring costs concerning or relating to Hazardous Materials or any Environmental Laws shall only apply after an Event of Default has occurred and is continuing **provided that** the Credit Party is then undertaking and fulfilling all its obligations under this Agreement and Environmental Laws with respect to said cleanup, investigation, closure and monitoring.

If and to the extent that the obligations of Borrower under this **Section 11.4** are unenforceable for any reason, Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

Section 11.5 Right of Set-Off. In addition to and not in limitation of all rights of offset that the Lender may have under applicable law, the Lender shall, upon the occurrence and during the continuance of any Event of Default and whether or not the Lender has made any demand or any Credit Party's obligations are matured, have the right to appropriate and apply to the payment of any Credit Party's obligations hereunder and under the other Credit Documents, all deposits of any Credit Party (general or special, time or demand, provisional or final, other than escrow or trust accounts denoted as such) then or thereafter held by and other indebtedness or property then or thereafter owing by the Lender, whether or not related to this Agreement or any transaction hereunder. The Lender shall promptly notify Borrower of any offset hereunder.

Section 11.6 Benefit of Agreement.

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that Borrower may not assign or transfer any of its interest hereunder without the prior written consent of the Lender except as otherwise provided in this Agreement.

(b) The Lender may make, carry or transfer Loans at, to or for the account of, any of its branch offices or the office of an Affiliate of the Lender.

(c) The Lender may assign all or a portion of its interests, rights and obligations under this Agreement; **provided**, **however**, that (i) the Lender must give prior written consent to such assignment to Borrower unless such assignment is to an Affiliate of the assigning Lender, (ii) the amount of the Revolving Loan Commitments or Term Loan Commitments, or Loans, in the case of assignment of Loans, of the assigning Lender subject to each assignment (determined as of the date the assignment and acceptance with respect to such assignment is delivered to the Lender) shall not be less than $1,000,000, (iii) the parties to each such assignment shall execute and deliver to the Lender an assignment and acceptance, together with a Note or Notes subject to such assignment and, unless such assignment is to an Affiliate of the Lender, a processing and recordation fee of $2,500, and (iv) the assignee has the ability to satisfy the obligations of said Lender hereunder. Borrower shall not be responsible for such processing and recordation fee or any costs or expenses incurred by the Lender or the Lender in connection with such assignment. From and after the effective date specified in each assignment and acceptance, which effective date shall be at least one (1) Business Day after the execution thereof, the assignee thereunder shall be a party hereto and to the extent of the interest assigned by such assignment and acceptance, have the rights and obligations of a Lender under this Agreement. Notwithstanding the foregoing, the assigning Lender must retain after the consummation of such assignment and acceptance, a minimum aggregate amount of Commitments or Loans, as the case may be, of $2,000,000; **provided**, **however**, no such minimum amount shall be required with respect to any such assignment made at any time there exists an Event of Default hereunder. Within one (1) Business Day after receipt of the notice and the assignment and acceptance, Borrower, at its own expense, shall execute and deliver to the Lender, in exchange for the surrendered Note or Notes (which shall be marked "canceled" and delivered to Borrower), a new Note or Notes to the order of such assignee in a principal amount equal to the applicable Commitments or Loans assumed by it pursuant to such assignment and acceptance and new Note or Notes to the assigning Lender in the amount of its retained Commitment or Commitments or amount of its retained Loans. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the date of the surrendered Note or Notes which they replace, and shall otherwise be in substantially the form attached hereto.

(d) The Lender may, without the consent of Borrower, sell participations to one or more of its Affiliate banks in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments in the Loans owing to it and the Notes held by it).

(e) The Lender or participant may, in connection with the assignment or participation or proposed assignment or participation, pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to Borrower or the other Consolidated Companies furnished to the Lender by or on behalf of Borrower or any other Consolidated

Company. With respect to any disclosure of confidential, non-public, proprietary information, such proposed assignee or participant shall agree to use the information only for the purpose of making any necessary credit judgments with respect to this credit facility and not to use the information in any manner prohibited by any law, including without limitation, the securities laws of the United States. The proposed participant or assignee shall agree not to disclose any of such information except (i) to directors, employees, auditors or counsel to whom it is necessary to show such information, each of whom shall be informed of the confidential nature of the information, (ii) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over such entity, or as otherwise required by law (provided prior notice is given to Borrower and the Lender unless otherwise prohibited by the subpoena, order or law), and (iii) upon the request or demand of any regulatory agency or authority with proper jurisdiction. The proposed participant or assignee shall further agree to return all documents or other written material and copies thereof received from the Lender, the Lender or Borrower relating to such confidential information unless otherwise properly disposed of by such entity.

(f) The Lender may at any time assign all or any portion of its rights in this Agreement and the Notes issued to it to a Federal Reserve Bank; provided that no such assignment shall release the Lender from any of its obligations hereunder.

(g) If (i) any Taxes referred to in **Section 4.7(b)** have been levied or imposed so as to require withholdings or deductions by Borrower and payment by Borrower of additional amounts to the Lender as a result thereof, (ii) the Lender shall make demand for payment of any material additional amounts as compensation for increased costs pursuant to **Section 4.10** or for its reduced rate of return pursuant to **Section 4.16**, or (iii) the Lender shall decline to consent to a modification or waiver of the terms of this Agreement or the other Credit Documents requested by Borrower, then and in such event, upon request from Borrower delivered to the Lender and the Lender, such Lender shall assign, in accordance with the provisions of **Section 11.6(c)**, all of its rights and obligations under this Agreement and the other Credit Documents to another Lender or an Assignee selected by Borrower, in consideration for the payment by such assignee to the Lender of the principal of, and interest on, the outstanding Loans accrued to the date of such assignment, and the assumption of such Lender's Commitment hereunder, together with any and all other amounts owing to such Lender under any provisions of this Agreement or the other Credit Documents accrued to the date of such assignment.

Section 11.7 Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND UNDER THE NOTES SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND BE GOVERNED BY THE INTERNAL LAW (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF FLORIDA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE CIRCUIT COURT OF ORANGE COUNTY, FLORIDA, OR ANY OTHER COURT OF THE STATE OF FLORIDA OR OF THE UNITED STATES OF AMERICA FOR THE MIDDLE DISTRICT OF FLORIDA, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, BORROWER HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND, TO THE EXTENT PERMITTED BY LAW, BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LITIGATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(c) BORROWER HEREBY IRREVOCABLY DESIGNATES THE PRESIDENT OF THE BORROWER, AS SO DESIGNATED FROM TIME TO TIME, AT THE ADDRESS SET FORTH ON THE BORROWER'S SIGNATURE PAGE TO THIS AGREEMENT AS ITS DESIGNEE, APPOINTEE AND LOCAL AGENT TO RECEIVE, FOR AND ON BEHALF OF BORROWER, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE NOTES OR ANY DOCUMENT RELATED THERETO. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH LOCAL AGENT WILL BE PROMPTLY FORWARDED BY SUCH LOCAL AGENT AND BY THE SERVER OF SUCH PROCESS BY MAIL TO BORROWER AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, BUT, TO THE EXTENT PERMITTED BY LAW, THE FAILURE OF BORROWER TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS. BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS SAID ADDRESS, SUCH SERVICE TO BECOME EFFECTIVE THIRTY (30) DAYS AFTER SUCH MAILING.

(d) Nothing herein shall affect the right of the Lender or any Credit Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

Section 11.8 Independent Nature of Lender's Rights. The amounts payable at any time hereunder to the Lender shall be a separate and independent debt, and the Lender shall be entitled to protect and enforce its rights pursuant to this Agreement and its Notes, and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

Section 11.9 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute

one and the same instrument.

Section 11.10 Effectiveness; Survival.

(a) This Agreement shall become effective on the date (the "**Effective Date**") on which all of the parties hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Lender pursuant to **Section 11.1**.

(b) The obligations of Borrower intended to survive hereunder shall so survive payment in full of the Notes; **provided**, **however**, the obligations of the Borrower under **Sections 4.7(b)**, **4.10**, **4.12**, **4.13**, and **4.16** hereof shall survive for ninety (90) days after the payment in full of the Notes after the Maturity Date. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement, the other Credit Documents, and such other agreements and documents, the making of the Loans hereunder, and the execution and delivery of the Notes.

Section 11.11 Severability. In case any provision in or obligation under this Agreement or the other Credit Documents shall be invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 11.12 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitation of, another covenant, shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 11.13 Change in Accounting Principles, Fiscal Year or Tax Laws. If (a) any preparation of the financial statements referred to in **Section 7.7** hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions) (other than changes mandated by FASB 106) result in a material change in the method of calculation of financial covenants, standards or terms found in this Agreement, (b) there is any change in Borrower's fiscal quarter or fiscal year, or (c) there is a material change in federal tax laws which materially affects any of the Consolidated Companies' ability to comply with the financial covenants, standards or terms found in this Agreement, Borrower and the Lender agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating any of the Consolidated Companies, financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so amended, the provisions of this Agreement shall govern.

Section 11.14 Headlines Descriptive; Entire Arrangement. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 11.15 Time is of the Essence. Time is of the essence in interpreting and performing this Agreement and all other Credit Documents.

Section 11.16 Usury. It is the intent of the parties hereto not to violate any federal or state law, rule or regulation pertaining either to usury or to the contracting for or charging or collecting of interest, and Borrower and Lender agree that, should any provision of this Agreement or of the Notes, or any act performed hereunder or thereunder, violate any such law, rule or regulation, then the excess of interest contracted for or charged or collected over the maximum lawful rate of interest shall be applied to the outstanding principal indebtedness due to Lender by Borrower under this Agreement.

Section 11.17 Construction. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party who itself or through its agents prepared the same, it being agreed that Borrower, Lender, Lender and their respective agents have participated in the preparation hereof.

Section 11.18 No Incorporation into Notes. This Agreement is expressly not incorporated by reference into the Note.

Section 11.19 Amendment and Restatement of Initial Loan Agreement. This Agreement amends and restates and supersedes in its entirety the Initial Loan Agreement and, accordingly, this Agreement governs and sets forth the relationship between the Borrower and the Lender with respect to the Loans.

Section 11.20 Entire Agreement. This Agreement, the other Credit Documents, and the agreements and documents required to be delivered pursuant to the terms of this Agreement constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements, representations and understandings related to such subject matters.

Signature Page Follows

SIGNATURE PAGE TO REVOLVING LOAN

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

Address for Notices:

220 South Ridgewood Avenue

Daytona Beach, Florida 23115-2412

Attention: Cory T. Walker

Telephone No.: (904) 239-7250

Telecopy No.: (904) 239-7252

BROWN & BROWN, INC.

By: /S/ CORY T. WALKER

Cory T. Walker,

Vice President, Chief Financial Officer and Treasurer

With a copy to:

Laurel L. Grammig

General Counsel

BROWN & BROWN, INC.

401 East Jackson Street

Suite 1700

Tampa, Florida 33602

Telephone No.: (813) 222-4277

Telecopy No.: (813) 222-4464

Address for Notices:

200 South Orange Avenue

6th Floor, SOAB

Post Office Box 3833

Orlando, Florida 32897

Attention: Edward Wooten, Director

Telephone No.: (407) 237-6855

Telecopy No.: (407) 237-4076

LENDER:

SUNTRUST BANK

By: EDWARD E. WOOTEN

(Signature of Officer)

Director

(Print Name and Title of Officer)

AFFIDAVIT REGARDING EXECUTION OF

AMENDED AND RESTATED REVOLVING AND TERM LOAN AGREEMENT

STATE OF GEORGIA

COUNTY OF CAMDEN

I HEREBY CERTIFY that on the 29th day of December, 2000 before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared Cory T. Walker, Vice President, Chief Financial Officer and Treasurer of **BROWN & BROWN, INC.**, a Florida corporation (the "**Borrower**") to me known to be the person who executed the attached Amended and Restated Revolving and Term Loan Agreement, dated January 3, 2001 on behalf of the Borrower and acknowledged before me that he executed the same.

/S/ ANNE M. HAYES

Signature of Notary Public - State of Georgia

Notary Public, Camden County, Georgia

My Commission Expires Sept. 17, 2004

ANNE M. HAYES

Print, type or stamp commissioned name of Notary

Personally known _____ **OR**

Produced Identification X

Type of Identification Produced: Valid FL Drivers License

AFFIDAVIT OF OUT-OF-STATE DELIVERY

STATE OF GEORGIA

COUNTY OF CAMDEN

I, Edward Wooten, being first duly sworn upon my oath, depose and say:

That I am a Director of **SUNTRUST BANK**, a Georgia corporation (the "**Bank**").

That on the 29th day of December, 2000, I executed and also accepted delivery of that certain Amended and Restated Revolving and Term Loan Agreement (the "**Loan Agreement**") dated January 3, 2001, between **BROWN & BROWN, INC.** and the Bank.

That the Loan Agreement was delivered to me by delivery and was executed by me in the City of St. Mary in State of Georgia.

/S/ EDWARD WOOTEN

Edward Wooten, a Director

Sworn and subscribed before me this 29th day of December, 2000.

ANNE M. HAYES

Signature of Notary Public - State of Georgia

Notary Public, Camden County, Georgia

My Commission Expires Sept. 17, 2004

ANNE M. HAYES

Print, type or stamp commissioned name of Notary

Personally known _____ **OR**

Produced Identification : X

Type of Identification Produced: Valid FL Drivers License

EXHIBIT 10b(3)

LEASE

AGREEMENT OF LEASE, made and entered into this 3rd day of January, 2001, by and between RIEDMAN CORPORATION, a New York corporation with offices at 45 East Avenue, Rochester, NY, 14604, hereinafter referred to as "Landlord"; and BROWN & BROWN, Inc., a Florida corporation with offices at 220 South Ridgewood Avenue, Daytona Beach, FL, 32115-2412, hereinafter referred to as "Tenant."

WITNESSETH:

For and in consideration of the rent and the covenants herein contained, Landlord hereby agrees to lease and let to Tenant, and Tenant does hereby take and lease from Landlord the following described **premises:** approximately 17,814 rentable square feet of office space located on a portion of the ground floor and all of the seventh and eighth floors in the building located at 45 East Avenue, Rochester, NY as more particularly shown on plans attached hereto and made a part hereof as Exhibit "A," said space to be taken in its as is condition together with the right with the Landlord and other tenants to public and common areas within the building; for a **term** of five (5) years, or until such term shall earlier terminate, cease or expire as hereinafter provided. Said term to commence on the 3rd day of January, 2001 (though for purposes of Section 1 of this Lease, such term shall deemed to commence on January 1, 2001), and to end on the 31st day of December, 2005, at rental and additional rental provided herein below.

The parties hereto on behalf of themselves, their heirs, distributees, executors, administrators, personal representatives, successors and assigns do hereby agree and covenant as follows:

RENT

1. Tenant shall pay rent in the amount of Three hundred thousand dollars ($300,000) per annum payable monthly in advance in the amount of $25,000 on the first day of each and every month during the term hereof. Tenant shall pay this rent together with any additional rent to be paid to the Landlord at the address specified herein above or at such other place as Landlord may designate in writing, from time to time, without demand and without counterclaim, deduction or setoff.

USE

2. Tenant's purpose is to use and occupy the Premises as an insurance and general office use and for no other purpose. Landlord represents that the Premises may lawfully be used for this intended purpose.

REAL PROPERTY TAXES

3. Tenant shall pay, within thirty (30) days after receipt of a bill therefore, as additional rental, its pro-rata share of any increase in real property taxes levied against 45 East Avenue, over and above the Monroe County tax including all portions thereof, and any replacement or substitution therefore for the year 2001; and over and above the City of Rochester, City and School tax, including all portions thereof, or any replacement or substitution therefore and including any and all additional charges or assessments thereon whether or not identified as a tax, user charge or other designation for the fiscal year, July 1, 2000 to June 30, 2001; whether said increases arise out of a change in rate, assessments, or any other case. Tenant further covenants and agrees to pay its pro-rata share of all water pollution charges including without limitation, pure water charges of any kind and nature, and including any replacement or

substitution therefore, regardless of source, levied against 45 East Avenue within thirty (30) days after receipt of a bill.

OPERATING EXPENSES

4. Tenant shall pay, as additional rental, its pro-rata share of any increase in the reasonable operating expenses pertaining to 45 East Avenue over and above the operating expenses for the year 2001. Landlord agrees to render bills for such additional rental in the month of February in each calendar year unless the term of this lease expires prior to such month in any calendar year. In such event, additional rental payable pursuant to this provision shall be pro-rated to the termination date of the lease and shall be based upon the same period of the base year specified herein.

4.1 Operating costs shall mean the costs incurred for the following:

(1) Wages and Salaries paid by Landlord for janitorial expense and to all persons engaged full time in the normal maintenance and repair of the building, including FICA taxes; however, salaries above the grade of Superintendent shall not be included in such computation;

(2) Janitorial supplies;

(3) Repairs to and physical maintenance of the building, including snow and ice removal and the costs of supplies used in connection therewith;

(4) Reasonable premiums and other charges incurred by Landlord with respect to insurance of any kinds which Landlord incurs;

(5) Reasonable costs incurred for fuel and other energy for heating the building and operating the air-conditioning system, for electricity, or other power required in connection with the operation of the building;

(6) Costs incurred in connection with inspection and servicing of all mechanical equipment;

(7) Water, sewer and pure water charges.

PRO-RATA SHARE

5. Landlord and Tenant agree that the Demised Premises constitute 27.8% of the total rentable space within the building at 45 East Avenue and wherever this Lease provides for pro-rata share, this percentage will be used to make such computation.

CARE AND REPAIR OF PREMISES and ALTERATIONS .

6. Tenant shall commit no act of waste and shall take good care of the Demised Premises and fixtures and appurtenances therein, and shall, in the use and occupancy of the Premises, conform to all laws, orders and regulations of the Federal, State and Municipal governments, or any of their departments, and regulations of the New York Board of Fire Underwriters, applicable to the Premises; Tenant shall not do or permit to be done any act or thing upon the Premises, which will invalidate or be in conflict with the fire insurance policies covering the building of which the Demised Premises form a part, and fixtures and property therein, and shall not do, or permit to be done, any act or thing upon said Premises which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said Premises or for any other reason. Upon termination of the term, Tenant shall surrender the Premises in as good condition as they were at the beginning of the term, reasonable wear, and damage by fire, the elements, casualty, or other cause not due to the misuse or neglect by Tenant or Tenant's agents, servants, visitors or licensees, excepted. Tenant shall not mark, paint, drill into, or in any way mar or deface any part of the Demised Premises or the building of which they form a part without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, provided however, that notwithstanding the foregoing, such consent shall not be required for Tenant to post or hang pictures, plaques, or signage or install office and computer equipment in the ordinary course of business within the Premises or on the immediate entrances to the Premises. Landlord shall place

Tenant's name and locations throughout the Demised Premises in the building directory. Landlord has not conveyed to Tenant any rights in or to the outer side of the outside walls of the building of which the demised Premises are a part, and except as provided herein Tenant shall not display or erect any lettering, signs, advertisements, awnings or other projections or do any boring, or cutting, or stringing of wires in or on the Demised Premises or in or on the building of which they form a part, or make any alterations, decorations, installations, additions or improvements in or to the Demised Premises or in or to the building of which they form a part, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, and which requirement for consent shall be subject to the proviso set forth in the immediately preceding sentence. and at Tenant's sole expense. No water cooler, air-conditioning unit or system or other apparatus shall be installed or used by Tenant without the written consent of the Landlord which consent shall not be unreasonably withheld or delayed. All alterations, decorations, installations, additions or improvements upon the Demised Premises, made by either party, (including paneling, partitions, railings, mezzanine floors, galleries and the like), but excepting movable trade fixtures shall, unless removed.by Tenant within 30 days after termination of this Lease, become the property of the Landlord.

Landlord may, not less than thirty (30) days prior to the expiration or termination of this Lease, or any renewal or extension thereof, notify Tenant that it does not elect to retain Tenant's data and voice cabling installed above the suspended ceiling system and in columns within the Demised Premises, if any, whereupon Tenant shall, at its sole cost and expense, remove the same without otherwise damaging the said ceiling system or columns.

All property of Tenant remaining on the Premises after the last day of the term of this Lease shall conclusively be deemed abandoned and may, at the option of the Landlord, be removed and Tenant shall reimburse Landlord for the cost of such removal. Landlord may have any such property stored at Tenant's risk and expense for a reasonable period of time.

Landlord specifically reserves the right to approve the choice of any contractors or subcontractors employed by, through, or under the Tenant in connection with any tenant alterations or repairs.

Landlord shall be responsible, at its cost and expense, for the repair and maintenance of all common areas within 45 East Avenue.

SUBORDINATION

1. This Lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the Demised Premises form a part, and to all renewable, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee. In confirmation of such subordination, Tenant shall execute promptly any certificate that Landlord may request.

Tenant agrees to give any Mortgagees and/or Trust Deed Holders, by Registered Mail, a copy of any Notice of Default served upon the Landlord, provided that prior to such notice Tenant has been notified, in writing, (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of such Mortgagees and/or Trust Deed Holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagees and/or Trust Deed Holders shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days, any Mortgagee and/or Trust Deed Holder has commenced and is diligently pursuing the remedies necessary to cure such default, (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure) in which event this lease shall not be terminated while such remedies are being so diligently pursued.

NO ASSIGNMENT, NO SUBLETTING

8. Tenant shall not pledge, hypothecate, assign, mortgage or encumber this Lease, or sublease the whole or any portion of the Demised Premises (except to any affiliated entity of Tenant) without the prior written consent and approval of the Landlord. In the event of any assignment of this Lease or if the Demised Premises or any part thereof be sublet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, subtenant, or occupant and apply the net amount collected to the rent reserved herein, but no such assignment of subletting or occupancy or collection shall be deemed a waiver of this covenant or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or subletting shall not in way be construed as a waiver if this covenant, nor shall it serve to relieve Tenant from liability on account hereof nor from obtaining the expressed consent in writing of Landlord for any further assignment or subletting.

PROPERTY LOSS, DAMAGE, REIMBURSEMENT

9. Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Landlord or its agents shall not be liable for any injury or damage to persons or property resulting from tire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of said building or from the pipes, appliances or plumbing works or from the roof, street or sub-surface or from any other place or by dampness or by any other cause of whatsoever nature, unless caused by or due to the negligence of Landlord, its agents, servants, or employees; nor shall Landlord be liable for any latent defect in the Demised Premises or in the building of which they for a part. Tenant shall reimburse and compensate Landlord as additional rent within five business (5) days after rendition of a statement for all expenditures made by, or damages or fines sustained or incurred by, Landlord due to non-performance or non-compliance or breach or failure to observe any term, covenant or condition of this Lease upon tenant's part to be kept, observed, performed or complied with. Tenant shall give immediate notice to Landlord in case of fire or accidents in the Demised Premises or in the building or of defects therein or in any fixtures or equipment.

DESTRUCTION - FIRE OR OTHER CAUSE

10. If the Demised Premises shall be partially damaged by fire or other cause without the fault or neglect of Tenant, tenant's servants, employees, agents, visitors or licensees, the damages shall be repaired by and at the expense of Landlord and the rent until such repairs shall be made shall be apportioned according to the part of the Demised Premises which is usable by the Tenant But if such partial damage is due to the fault or neglect of the Tenant, tenant's servants, employees, agents, visitors or licensees, without prejudice to the rights of subordination of Landlord's insurer, the damages shall be.repaired by Landlord but there shall be no apportionment or abatement of rent. No penalty shall accrue for reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, and for reasonable delay on account of "labor troubles," or any other cause beyond Landlord's control. If the Demised Premises are totally damaged or are rendered wholly untenantable by fire or other cause, and if Landlord shall decide not to restore or not to rebuild the same, or if the building shall be so damaged that Landlord shall decide to demolish it or not to rebuild it, then or in any such events Landlord may, within ninety (90) days after such tire or other cause, give Tenant a notice in writing of such decision, and thereupon the term of this lease shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the Demised Premises and surrender the same to Landlord. If Tenant shall not be in default under this Lease then, upon the termination of this lease under the conditions provided for in the sentence immediately preceding, Tenant's liability for rent shall cease as of the day following the casualty. Tenant hereby expressly waives the provisions of Section 227 of the Real Property law and agrees that the foregoing provisions of this Article shall govern and control in lieu thereof. If the damage or destruction be due to the fault or neglect of Tenant the debris shall be removed by and at the expense of the Tenant.

INSURANCE, WAIVERS OF SUBROGTION

11. Landlord shall insure the building of which the Demised Premises are a part, and Tenant shall insure the Demised Premises and its fixtures and contents against fire and other causes included in standard extended coverage by policies which shall include a waiver by the insurer of all right

of subrogation against Landlord or Tenant in connection with any loss or damage thereby insured against, and each party, for itself and its insurers waives all such insured claims against the other party, its agents and employees.

SERVICES - ELEVATOR, HVAC, WATER & CLEANING

12. Landlord shall furnish the following services;

a) Automatic passenger elevator service;

b) Heat, when and as required by law, on business days, Monday through Friday, between the hours of 7:00 AM and 6:00 PM, excluding Saturday, Sunday and legal holidays, unless special arrangements have been made with the Landlord;

c) Hot and cold water for lavatory purposes without charge;

d) Cleaning services customary in 45 East Avenue from time to time, if the Demised Premises are used exclusively for offices;

e) Electricity for usual office requirements;.

f) Air cooling during the appropriate season on business days, Monday through Friday, between the hours of 7:00 AM and 6:00 PM, and excluding Saturdays, Sundays and legal holidays, unless special arrangements have been made with the Landlord.

NO OBSTRUCTIONS

13. Tenant shall neither encumber nor obstruct the entrance to or halls and stairs of 45 East Avenue nor allow the same to be obstructed or encumbered in any way.

ABANDONMENT

14. In the event the Tenant shall vacate or abandon the Demised Premises during the term hereof or in the event the Tenant should fail to take possession or to operate its business, the Landlord may, at its option, re-enter the Demised Premises and shall have the same rights and remedies as provided herein upon tenant's default.

CONDEMNATION

15. If the Demised Premises or any part thereof or any estate therein, or any other part of 45 east Avenue materially affecting Tenant's use of the Demised Premises, be taken by virtue of eminent domain, this Lease shall terminate on the date when title vested pursuant to such taking, the rent and additional rent shall be apportioned as of said date and any rent paid for any period beyond said date shall be repaid to Tenant. Tenant shall not be entitled to any part of the award or any payment in lieu thereof; but Tenant may tile a claim for any taking of fixtures and improvements owned by Tenant, and for moving expenses, if allowed by law.

INDEMNIFICATION

16. A. The Tenant agrees to and does hereby indemnify and hold Landlord harmless from any and all claims, demands, costs, expenses, damages and liabilities arising out of or pertaining to the use or occupancy of the Demised Premises or by the operations, acts or omissions of Tenant, or of its servants, agents or employees, upon or in relation to the Demised Premises, and further agrees to defend Landlord with respect to any and all claims or causes of action arising out of the aforesaid use or operation of the leased property by the Tenant, its agents, servants, employees, guests or invitees.

B. The Landlord agrees to and does hereby indemnify and hold Tenant harmless from any and all

claims, demands, costs, expenses, damages and liabilities arising out of or pertaining to Landlord's obligations hereunder with respect to the Demised Premises or by the operations, acts or omissions of Landlord, or of its servants, agents or employees, upon or in relation to the Demised Premises, and further agrees to defend Tenant with respect to any and all claims or causes of action arising out of the aforesaid obligations, operations, acts or omissions of the leased property by the Landlord, its agents, servants, employees, guests or invitees.

WAIVER OF TRIAL BY JURY & RIGHT OF REDEMPTION

17. It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way, connected with this Lease, the relationship of Landlord and Tenant. Tenant's use or occupancy of said Premises, and/or any claim of injury or damage, and any emergency statutory or any other statutory remedy. Tenant hereby further waives any right of redemption after summary proceedings and the right to a second and further trial after an action for eviction or ejectment. Tenant specifically agrees that, in such event, the right of redemption provided or permitted by any statute law or decision now or hereafter in force and the right to any second or further trial shall be and hereby is expressly waived on behalf of the Tenant, its legal representatives, successors, distributees and assigns and on behalf of all persons or corporations claiming through or under this Lease, together with creditors of all classes and all other persons having an interest therein.

NO WAIVER

18. Receipt of any rent or any portion thereof, whether specifically reserved or payable under any of the covenants herein contained, or of any portion thereof, after a default on the part of the Tenant (whether such rent is due before or after such default) shall not be deemed to operate as a waiver of the right of the Landlord to enforce the payment of any rent or other obligation herein reserved or to declare a forfeiture of this lease and to recover the possession of the leased premises, as provided in this Lease. Nor shall the failure to enforce any covenant after its breach or any provision after default be construed as a waiver on the part of the Landlord of any rights under this Lease.

DEFAULT, LANDLORD REMEDIES

19. A. If the Tenant shall, at any time, be in default in the payment of the rents or any other payments required of the Tenant hereunder, or any part thereof, and such default shall continue for a period of fifteen (15) days after the due date, or if the Tenant shall be in default in the performance of any of the other covenants and conditions of this Lease to be kept, observed and performed by the Tenant, and such default shall not have been cured within twenty (20) days after written notice and demand, or, in the event the default is of such a nature that it cannot be cured within twenty (20) days and the Tenant has not taken reasonable steps to cure said default, or if this leasehold interest shall be levied on and taken on execution, attachment or other process of law, whereby the Demised Premises shall be taken or occupied by someone other than the Tenant, or if a receiver, assignee or trustee shall be appointed for the Tenant or Tenant's property, and the appointment of such receiver be not vacated and set aside within twenty (20) days.from the date of such appointment, or if this Lease shall, by operation law, devolve upon or pass to any person or persons other than the Tenant, then, in any of the events enumerated above, the Landlord may, at the Landlord's option, upon five business (5) days notice in writing, served either personally or by Certified Mail on the Tenant, terminate this Lease, and this Lease and the terms thereof shall automatically cease and terminate at the expiration of said five business (5) day period as if said date were set forth in this Lease as the termination date, and it shall be lawful for the landlord, at his option, to enter the leased premises, or any part thereof, and to hold, possess and enjoy the said Premises and remove all persons therefrom by summary proceedings or by any action or proceeding or by force or otherwise, anything herein contained to the contrary notwithstanding, and any notice required by Section 731 of the Real Property Actions and Proceedings Law of the State of New York, or any other statute or regulation now or hereafter in force is specifically waived by the tenant.

In the event the Landlord recovers said Premises as a result of a breach of the terns covenants

and conditions contained in this Lease, as heretofore and hereafter referred to, the Landlord, at his option, reserves the right to relet the Premises, either in the name of the Landlord or Tenant

for a term or terms which may, at the Landlord's option, extend beyond the balance of the term of this Lease, and the Tenant shall pay the Landlord any deficiency between the rent hereby reserved and covenanted to be paid and the net amount of the rents collected on such reletting, as well as any reasonable expenses incurred by the Landlord in such reletting, including, but not limited to, attorney's fees, brokers' fees, expenses for putting the Premises in good order and preparing same for rerental. Such deficiency shall be paid in monthly installments upon statements rendered by the Landlord to the Tenant, any suits brought to collect the amount of the deficiency for any one or more months shall not preclude any subsequent suit or suits to collect the deficiency for any subsequent months.

No receipt of monies by the Landlord from the Tenant after the termination in any way of

this Lease or after the giving of any notice shall reinstate, continue or extend the term of this Lease or affect any notice given to the Tenant prior to the receipt of such money; it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of said Premises, the Landlord may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, suit or judgment.

B. If the Tenant defaults in the payment of any of the obligations payable by the Tenant hereunder, the Landlord may, at its option, pay the same, and the amount so paid, together with interest at the legal rate thereof, may be added as additional rent to the next installment of rent becoming due on the next rent day, and the amount so paid, whether or not paid by the Landlord, shall be deemed to be rent due and payable on such rent day or on any subsequent rent day as the landlord may, at his option, elect, but it is expressly covenanted and agreed that payment by the Landlord of any obligation herein imposed upon the Tenant shall not be deemed to waive or release the default in the payment thereof by the Tenant or the right of the Landlord immediately to recover possession, at the Landlord's option, of the leased Premises by reason of such default.

C. Any and all rights and remedies given to the Landlord herein with respect to the recovery of the demised Premises by reason of the Tenant's default or breach of any of the terms and provisions thereof, including without limitation, the payment of any sums due pursuant hereto, or the right to re-enter and take possession of the Premises upon the happening of any such breach or default, or the right to maintain any action for rent or damages, are hereby reserved and conferred upon the Landlord as distinct, separate and cumulative remedies; and no one of them, whether exercised by the Landlord or not, shall be deemed to be an exclusion of any of the others. In any action by Landlord in furtherance of its rights pursuant to this lease, including without limitation, summary proceedings, Landlord shall be entitled to collect from Tenant any and all reasonable attorneys fees in addition to any other costs and expenses allowed by law.

BANKRUPTCY

20. In order to more effectively secure to the Landlord the rent and other terms herein provided, it is agreed, as a further condition of this lease, that the filing of any voluntary petition under the national Bankruptcy Code, or an assignment for the benefit of creditors by or against the Tenant shall be deemed to constitute a breach of this Lease, and thereupon ipso facto and without entry of any other action by the Landlord, this lease shall become and be terminated, as aforesaid, and the Landlord shall have the same rights and remedies as set forth hereinabove.

LANDLORD'S RIGHT TO CURE

21. If the Tenant breaches a covenant or condition of this Lease, Landlord may, on reasonable notice to Tenant (except that no notice need be given in case of emergency), cure such breach at the expense of Tenant and the reasonable amount of all expenses, including attorneys' fees, incurred by Landlord in doing so (whether paid by Landlord or not) shall be deemed additional rent payable on demand. That in the event Landlord shall assign this Lease, Tenant agrees to look only to the Landlord's assignee for the performance of Landlord's obligations as specified herein.

MECHANIC'S LIEN

22. Tenant shall within ten (10) days after notice from Landlord discharge any mechanic's lien for materials or labor claimed to have been furnished to the Demised Premises on tenant's behalf That in the event the Tenant shall fail to cause such mechanic's lien to be discharged by payment or posting of a bond, landlord may thereupon take any steps it deems reasonably necessary for

the discharge of such mechanic's lien, including the payment of the amounts claimed therein, whereupon any sums paid by the Landlord for the purpose of securing such discharge, including any and all reasonable attorneys fees, shall be deemed additional rent, payable on demand.

POSSESSION

23. That Landlord shall not be liable for failure to give possession of the Premises upon commencement date by reason of the fact that Premises are not ready for occupancy or because a prior Tenant or any other person is wrongfully holding over or is in wrongful possession, or for any other reason. The rent (including reserved rent to be apportioned) shall not commence until possession is given or is available, but the term herein shall not be extended.

INTERRUPTION OF SERVICES OR USE

24. Interruption or curtailment of any service maintained in 45 East Avenue, caused by strikes, mechanical difficulties, or any causes beyond Landlord's control whether similar or dissimilar to those enumerated, shall not entitle Tenant to any claim against Landlord or to any abatement in rent, nor shall the same constitute constructive or partial eviction, unless Landlord fails to take such measures as may be reasonable in the circumstances to restore the service without undue delay. If the Demised Premises are rendered untenantable in whole or in part, for a period of over three (3) business days, by the making of repairs, replacements or additions, other than those made with Tenant's consent or caused by misuse or neglect by Tenant or Tenant's agents, servants, visitors or licensees, there shall be a proportionate abatement of rent during the period of such untenantability. If the Demised Premises are untenantable for a period of 90 days, then Tenant shall have the right to terminate this Lease, effective as of the date of notice of such termination.

MARGINAL NOTATIONS

25. The marginal notations in this Lease are included for convenience only and shall not be taken into consideration in any construction or interpretation of this lease or any of its provisions.

QUIET ENJOYMENT

26. Landlord covenants that if so long as Tenant pays the rent and additional rent and performs the covenants hereof, Tenant shall peaceably and quietly have, hold and enjoy the Demised Premises for the term herein mentioned, subject to the provisions of this Lease.

BILLS & NOTICES

27. Except as otherwise in this Lease provided, a bill, statement, notice or communication which Landlord may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if, in writing, delivered to Tenant personally or sent by Certified Mail addressed to Tenant at the building of which the Demised Premises form a part and at the business address of Tenant set forth above, and the time of the rendition of such bill or statement and of the giving of such notice or communication 11.shall be deemed to be the time when the same is delivered to tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Landlord must be served by Certified Mail addressed to Landlord at the address first hereinabove given or at such other address ad landlord shall designate by written notice.

GLASS

28. Landlord shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken due to Tenant's negligence in and about the Demised Premises. Tenant shall insure all plate and other glass in and about the Demised Premises. In the event Tenant fails to do so, Landlord may insure, and keep insured, at Tenant's expense, all plate and other glass in the Demised Premises for and in the name of Landlord. Bills for the premiums therefore shall be rendered by Landlord to Tenant at such times as Landlord may elect for any expense incurred by Landlord in replacement of the glass, and shall be due from, and payable by, Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

HEIRS, ASSIGNS

29. The provisions of this Lease shall apply to, bind and inure to the benefit of landlord and Tenant, and their respective successors, legal representatives, distributees, and assigns.

ESTOPPEL CERTIFICATE

30. Tenant agrees, upon request, to execute and deliver an Estoppel Certificate certifying that this Lease continues in full force and effect and that the Landlord is not in default of any provision hereunder; and that there exists no defenses, setoffs, or counterclaims with respect to the Tenant's obligations to pay rent or perform any of its obligations hereunder.

ADDITIONAL PROVISIONS

31. In each instance in this Lease where Landlord's consent or approval is required, such consent or approval shall not be unreasonably withheld or delayed.

RULES & REGULATIONS

32. Tenant shall observe and comply with any rules and regulations hereinafter set forth, which are made a part hereof, and with such further reasonable rules and regulations as Landlord may prescribe, on written notice to Tenant, for the safety, care and cleanliness of 45 East Avenue and the comfort, quiet and convenience of other occupants of 45 East Avenue.

IN WITNESS WHEREOF, the parties hereto have duly executed this lease as of the day and year first above written.

LANDLORD

RIEDMAN CORPORATION

By: /S/ john r. Riedman

John R. Riedman, Chairman

TENANT

BROWN & BROWN, INC.

By: /S/ J. HYATT BROWN

EXHIBIT 10j

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "Agreement"), dated as of January 3, 2001, but effective as of January 1, 2001 (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "Company"), and **JOHN R. RIEDMAN** (the "Employee").

Background

The Employee is a shareholder and principal of Riedman Corporation (the "Selling Corporation"), a New York corporation which has been engaged primarily in the general insurance agency business in the State of New York and throughout the United States (the "Business"). The Selling Corporation is selling substantially all of its assets related to the Business to the Company and its affiliates pursuant to an Asset Purchase Agreement, dated as of September 11, 2000 but effective as of January 1, 2001, as amended by a First Amendment to Asset Purchase Agreement dated of even date herewith (as so amended, the "Purchase Agreement"). In connection with the acquisition, the Company has made an offer of employment to the Employee and the Employee is willing to accept such offer on the terms and conditions set forth in this Agreement. The parties hereto acknowledge that the non-disclosure and non-solicitation provisions of this Agreement constitute a significant element of the value of the Business purchased by the Company under the Purchase Agreement and served as a material inducement for the Company to enter into and consummate the transactions contemplated by the Purchase Agreement**.** These restrictive covenants are reasonably necessary to protect the Company's legitimate business interests, including but not limited to, its trade secrets, confidential business information, customer relationships, and customer goodwill.

THEREFORE, for and in consideration of the premises and the promises and covenants hereinafter contained, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties mutually covenant and agree as follows:

Terms

1. Employment. The Company hereby employs the Employee, and the Employee accepts such employment, upon the terms and conditions set forth in this Agreement. The Employee shall serve as a member of the Company's Executive Committee, and shall have the title of Executive Vice President of the Company, and shall be nominated for election to the Board of Directors of the Company at the regularly scheduled meeting of the Board in January of 2001. The Employee shall also serve as the Vice Chairman of Brown & Brown of New York, Inc., an affiliate of the Company. The Employee shall devote substantially all of his business hours to promoting the Company's business.

2. Compensation. During the term of this Agreement, the Company agrees to pay the Employee an annual salary of $150,000. The Employee shall also be entitled to participate in Company's group health insurance plans and other benefit programs on the same terms and conditions as other new employees of comparable rank in the Company.

3. Term. The term of the Agreement shall be for a period of one year, and, thereafter, shall be continuous until terminated by either party, except that termination shall be subject to the provisions of **Section 4** below.

4. Termination. (a) If the Company terminates the Employee's employment during the term of this Agreement other than for "Cause," as defined below, the Employee shall continue to receive the salary stated in this Agreement for the remainder of the term hereof.

(b) If the Employee terminates his employment for any reason, or if the Company terminates the Employee for Cause, during the term of this Agreement, then the Company shall pay the Employee only such compensation as shall have accrued through the date of termination.

(c) During the term of this Agreement, the Employee shall be subject to immediate discharge by the Company for cause. As used herein, the term "Cause" shall mean the following:

(i) a material violation by the Employee of any of the terms of this Agreement;

(ii) frequent unexplained absences or other malfeasance by the Employee;

(iii) failure by the Employee to perform the services reasonably required of him by the Company;

(iv) the commission by the Employee of a felony, an act constituting unlawful discrimination or harassment, or an act of dishonesty or moral turpitude;

(v) fraudulent conversion or misappropriation by the Employee of any monies or properties of the Company;

(vi) failure to follow standard company rules and practices, as disclosed to the Employee;

(vii) the possession or use of illegal drugs; or

(viii) engaging in conduct degrading or embarrassing to the Company.

(d) Following the expiration of the term of this Agreement, this Agreement may be terminated, with or without cause, by either the Employer or the Employee upon thirty (30) days' advance written notice. Termination of the Employee's employment under this Agreement by either party for whatever reason shall not release either the Employee or the Company from obligations hereunder through the date of such termination nor from the provisions of **Sections 4**, **5** and **6** of this Agreement. Upon notice of termination of or by the Employee, the Company has the power to suspend the Employee from all duties on the date notice is given, and to immediately require return of all Confidential Information as described in this Agreement. Company has the further right to impound all property on Company premises, including such property owned by Employee, for a reasonable time following termination, to permit Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Employee acknowledges that Employee has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer systems utilized by Employee during employment by Company.

5. Confidential Information; Covenant Not to Solicit or Service Customers or Prospective Customers; Related Matters. (a) The Employee recognizes and acknowledges that the Confidential Information (as hereafter defined) constitutes valuable, secret, special, and unique assets of the Company. The Employee covenants and agrees that, during the term of this Agreement and for a period of two (2) years following termination (whether voluntary or involuntary), Employee will not disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of the Company and will not use the Confidential Information except in the Company's business. It is expressly understood and agreed that the Confidential Information is the property of the Company and must be immediately returned to the Company upon demand. The term "Confidential Information" includes all information, whether or not reduced to written or recorded form, that is related to the Company and that is not generally known to competitors of the Company nor intended for general dissemination, whether furnished by the Company or compiled by the Employee, including but not limited to: (i) lists of the Company's customers, insurance carriers, and the Company accounts and records pertaining thereto; (ii) prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks; and (iii) information concerning business plans, information concerning marketing strategies and information concerning the financial condition of the Company, and all other types of such written information customarily used by the Company or available to the Employee. The Employee understands that it is the Company's intention to maintain the confidentiality of this information notwithstanding that employees of the Company may have free access to the information for the purpose of performing their duties with the Company, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. The Employee acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the Company by confidential envelope or communication, in order to preserve the confidential nature of the information.

(b) For a period of two (2) years following termination or expiration of Employee's employment for any reason (whether voluntary or involuntary and whether before or after the expiration of the term of this Agreement), the Employee specifically agrees not to solicit, divert, accept, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker, insurance wholesaler, managing general agent, or otherwise, for the Employee's accounts or the accounts of any other person, persons, partnership, corporation, or other business entity, either as officer, director, stockholder, owner, partner, employee, promoter, consultant, manager, or otherwise, any insurance or bond business of any kind or character from any person, firm, corporation, or other entity, that is a customer or account of the Company during the term of this Agreement, or from any prospective customer or account to whom the Company made proposals about which the Employee had knowledge, or in which the Employee participated, during the last two (2) years of the Employee's employment with the Company. For purposes of this Agreement, the Employee acknowledges that informing existing clients or prospects that the Employee is or may be leaving the Company prior to leaving employment of the Company shall be deemed to constitute prohibited solicitation under this Agreement. Employee further acknowledges and agrees that the provisions of this **Section 5** shall remain in effect even if Employee continues to be employed by the Company without any renewal of this Agreement.

Should a court of competent jurisdiction declare any of the covenants set forth in this **Section 5** unenforceable, each of the parties hereto agrees that such court shall be empowered and shall grant the Company injunctive relief reasonably necessary to protect its interests.

(c) The Employee agrees that the Company shall have the right to communicate the terms of this Agreement to any third parties, including but not limited to, any past, present or prospective employer of the Employee. The Employee waives any right to assert any claim for damages against the Company or any officer, employee or agent of the Company arising from disclosure of the terms of this Agreement.

(d) In the event of a breach or threatened breach of the provisions of this **Section 5**, the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. The Employee understands and agrees that without such protection, the Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(e) If Employee shall violate the restrictions contained in this **Section 5**, and if any court action is instituted by Employer to prevent or enjoin such violation, then the period of time during which Employee's business activities shall be restricted as provided in this **Section 5** shall be lengthened by a period of time equal to the period between the date upon which the first such violation is found to have occurred and the date on which the decree of the court disposing of the issues upon the merits shall become final and not subject to further appeal. The Employee acknowledges that the purposes of this **Section 5** would be frustrated by measuring the period of restriction from the date of termination of employment where the Employee failed to honor the Agreement until directed to do so by court order.

(f) The provisions of this **Section 5** shall be independent of any other provision of this Agreement, and the existence of any claim or cause of action by the Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this **Section 5** by the Company.

6. Engaging in or Organizing Competitive Businesses; Soliciting Company Employees. The Employee agrees that so long as the Employee is working for the Company, the Employee will not engage in any business activity competitive with that of the Company, and will not undertake the planning or organizing of any business activity competitive with the work the Employee performs. The Employee also agrees that, for a period of two (2) years following his termination of employment with the Company for any reason, he will not hire any employee of the Company, nor will he directly or indirectly solicit any employee of the Company to leave employment with the Company for any reason, including, without limitation, soliciting such employee to work for any competitor of the Company. In this **Section 6**, the term "employee of the Company" means any person who worked as an employee of the Company in the two years prior to the termination of the Employee's employment with the Company. The Employee acknowledges and agrees that all activities under this **Section 6** shall be presumed to be in aid of prohibited solicitation under the terms of **Section 5** of this Agreement, and shall justify injunctive relief as provided in **Section 5**.

7. Protection of Company Property. All records, files, manuals, lists of customers, blanks, forms, materials, supplies, computer programs and other materials furnished to the Employee by the Company, used by the Employee on its behalf, or generated or obtained by the Employee during the course of the Employee's employment, shall be and remain the property of the Company. The Employee shall be deemed the bailee thereof for the use and benefit of the Company and shall safely keep and preserve such property, except as consumed in the normal business operations of the Company. The Employee acknowledges that this property is confidential and is not readily accessible to the Company's competitors. Upon termination of employment hereunder, the Employee shall immediately deliver to the Company or its authorized representative all such property, including all copies, remaining in the Employee's possession or control.

8. Waivers and Modifications. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein shall be valid unless in writing and duly executed by the party to be charged therewith, and no evidence of any waiver or modification shall be offered or received in evidence of any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid, and the parties further agree that the provisions of this section may not be waived except as herein set forth.

9. Attorneys' Fees. In the event of a dispute concerning the terms of this Agreement, or arising out of the employment relationship created by this Agreement, the prevailing party shall be entitled to recover, in addition to any other remedy obtained, (a) all attorneys' fees incurred in the investigation and preparation of issues for trial and in the trial and appellate proceedings, and (b) costs and expenses of investigation and litigation, including expert witness fees, deposition costs (appearance fee and transcript charges), injunction bond premiums, travel and lodging expenses, fees and charges, and all other reasonable costs and expenses.

10. Definitions. "Company" means Brown & Brown, Inc. as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority of the stock of Brown & Brown, Inc. and, with respect to **Sections 5** and **6** hereof, also means its subsidiaries, affiliated companies and any company operated or managed by the Company as of the time this Agreement is entered into, and as of the time the Agreement is terminated. With respect to **Section 6** hereof, "Employee" also means any company or business in which Employee has an equity interest or a controlling or managing interest.

11. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Certified Mail, return receipt requested, or by confirmed telecopy to:

Employee at:

John R. Riedman

c/o Riedman Corporation

45 East Avenue

Rochester, New York 14604

Telecopy No. : (716) 232-6179

and to the Company at:

Brown & Brown, Inc.

401 East Jackson Street, Suite 1700

Tampa, Florida 33602

Telecopy No.: (813) 222-4464

Attn: Laurel L. Grammig, Esq.

or such other address as either party shall give to the other in writing for this purpose.

12. Assignment. The Employee agrees that the Company may assign this Agreement to any entity in connection with any sale of some or all of the Company's assets or subsidiary corporations, or the merger by the Company with or into any business entity without need for further consent from Employee. The Employee may not delegate his performance under this Agreement for personal services to any other person or entity.

13. Waiver of Jury Trial. The parties hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation related to or arising out of, under or in conjunction with this Agreement, or the Employee's employment with the Company.

14. Miscellaneous. (a) This Agreement cannot be altered, amended, changed, or modified in any respect or particular, and no provision, condition, or covenant of this Agreement shall be waived by either party hereto, unless each such alteration, amendment, change, modification or waiver shall have been agreed to by each of the parties and reduced to writing in its entirety and signed and delivered by each party.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective personal representatives, heirs, successors and assigns.

(c) This Agreement contains all of the terms and conditions agreed to between the parties, and there are no oral agreements relating to the transactions covered hereby.

(d) The parties agree to execute and deliver such other and further instruments and documents as may be necessary to implement and effectuate the terms of this Agreement.

(e) This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

(f) This Agreement has been made in the State of Florida and shall be governed by and construed and enforced in accordance with the internal law of Florida without regard to principles of conflicts of law. The Employee consents to jurisdiction in any court, state or federal, within Hillsborough County, Florida, and agrees that all litigation regarding this Agreement shall be brought in Hillsborough County, Florida, only. Further, the Employee agrees to waive his privilege of venue and any right the Employee may have in selection of venue in suits brought by the Company or the Employee in connection with this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BROWN & BROWN, INC.

By: /S/ J. HYATT BROWN

Title: J. Hyatt Brown

Name: Chairman, President & CEO

EMPLOYEE

/S/ JOHN R. RIEDMAN

John R. Riedman, individually

EXHIBIT 10k

NON-COMPETITION, NON-SOLICITATION,

AND CONFIDENTIALITY AGREEMENT

THIS **NON-COMPETITION, NON-SOLICITATION, AND CONFIDENTIALITY AGREEMENT** (this "Agreement"), effective as of January 1, 2001 (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.** , a Florida corporation (the "Company"), and **JOHN R. RIEDMAN**, a resident of the State of New York ("Riedman").

Background

Riedman is a shareholder and the Chairman and Chief Executive Officer of Riedman Corporation, a New York corporation ("Seller"). Pursuant to an Asset Purchase Agreement, dated as of September 11, 2000, as amended by a First Amendment to Asset Purchase Agreement dated of even date herewith (as so amended, the "Purchase Agreement"), by and among the Company, Seller, Riedman and the other shareholders of Seller, Seller is to sell substantially all of its assets relating to its insurance agency business throughout the United States (the "Business") to the Company. Pursuant to Section 5.17(h) of the Purchase Agreement, Riedman is entering into this Agreement to provide certain non-competition and other assurances to the Company as a material inducement for the Company to enter into the transactions contemplated in the Purchase Agreement. Riedman acknowledges that the restrictions contained in this Agreement are reasonably necessary to protect the Company's legitimate business interests, including, but not limited to, the trade secrets, confidential business information, and customer goodwill it purchased from Seller as part of the Purchase Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase Agreement.

Terms

In consideration of the respective representations, warranties, covenants and agreements set forth herein and in the Purchase Agreement, the adequacy and receipt of which is hereby acknowledged, the parties agree as follows:

1. ***Non-Competition Covenant***. Given the national nature of the Business, and Riedman's position as a shareholder and principal of the Seller, Riedman agrees that he shall not, during the Restricted Period (as defined in **Section 4,** below) engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of any entity (other than the Company) engaged in the insurance agency or brokerage business in the United States; provided, however, that ownership of less than two percent (2%) of the outstanding stock of any publicly traded corporation shall not be deemed a violation of this section.

2. ***Non-Solicitation Covenant.***

(a) Without limiting anything set forth in **Section 1** hereof, Riedman shall not, during the Restricted Period, directly or indirectly (i) solicit, divert, accept business from, nor service, as insurance solicitor, insurance agent, insurance broker or otherwise, for his own account or on behalf of, or in conjunction with, any other person, persons, company, partnership, corporation or business entity, either as owner, shareholder, promoter, employee, consultant, manager or otherwise, any account that is part of the Purchased Book of Business or any insurance account then serviced by the Company or its affiliates, or (ii) hire away any employees or personnel of the Company or its affiliates, or induce or entice any such person to leave such employment or engagement without the prior written consent of the Company.

(b) Riedman acknowledges that the non-solicitation covenants contained in any employment agreement that Riedman may enter into with Buyer shall be in addition to, and shall not supersede or be subordinate to, the non-competition and non-solicitation covenants contained in this Agreement.

3. ***Confidentiality***. Riedman recognizes and acknowledges that, as part of the Purchase Agreement, the Company purchased from Seller certain Confidential Information (as hereafter defined), which constitutes valuable, secret, special, and unique assets of the Company. Riedman covenants and agrees that, during the Restricted Period, Riedman will not disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of the Company and will not use the Confidential Information except in the Company's business. It is expressly understood and agreed that the Confidential Information is the property of the Company and must be immediately returned to the Company upon demand. The term "Confidential Information" includes all information, whether or not reduced to written or recorded form, related to Seller's insurance operations that is not generally known to competitors of the Seller or intended for general dissemination, whether furnished by the Seller or compiled by Riedman, including but not limited to: (i) lists of customers, insurance carriers, and accounts and records pertaining thereto; (ii) prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks; and (iii) information concerning business plans, information concerning marketing strategies and information concerning the financial condition of the Seller's insurance operations.

4. ***Restricted Period.*** The period of this Agreement shall begin on the Effective Date and shall expire on the fifth (5th) anniversary date of the Effective Date (the "Restricted Period").

5. ***Remedy for Breach of Covenants***.

(a) In the event of a breach or threatened breach of the provisions of this Agreement, the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare any of the covenants set forth in this Agreement unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant the Company or its affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. Riedman acknowledges that the covenants set forth in this Agreement represent an important element of the value of the Business and the Acquired Assets and are a material inducement for Buyer to enter into the Purchase Agreement. Riedman further acknowledges that without such protection, the Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(b) If Riedman shall violate the restrictions contained in this Agreement**,** and if any court action is instituted by the Company to prevent or enjoin such violation, then the period of time during which Riedman's business activities shall be restricted as provided in this Agreement shall be lengthened by a period of time equal to the period between the date upon which Riedman is found to have first violated the restrictions, and the date on which the decree of the court disposing of the issues upon the merits shall become final and not subject to further appeal.

(c) In addition to the foregoing, any damages suffered by the Company or any of its affiliates as a result of any breach by Riedman of the provisions of this Agreement shall be subject to Riedman's indemnification obligations set forth in the Purchase Agreement.

1. ***Costs.*** Without limiting the foregoing or anything set forth in the Purchase Agreement, the parties agree that in the event of litigation concerning the terms of this Agreement, the prevailing party shall be entitled, in addition to all other remedies, to recover all costs of such action, including, without limitation, reasonable attorneys' fees and costs both at the trial court and appellate court level.

7. ***Consideration.*** The parties agree that One Million Dollars ($1,000,000) of the Total Purchase Price described in the Purchase Agreement shall be deemed consideration for Riedman's entry into this Agreement for federal and state income tax purposes. This consideration will be paid to Riedman via company check as follows: (a) Two Hundred Fifty Thousand and no/100 dollars ($250,000) will be paid to Riedman at the Closing; and (b) on the anniversary date of the Closing (or, if such date is not a business day, on the immediately following business day) for three (3) years after the Closing, an amount equal to (i) $250,000 plus (ii) interest equal to the sum of the then-current three (3)-month London Interbank Offering Rate (LIBOR) rate plus fifth (50) basis points.

8. ***Assignment; Successor Rights.*** Riedman may not assign his rights or obligations hereunder. The rights and obligations of the Company shall be binding upon and fully enforceable by its affiliates, successors and assigns, including, without limitation, any successor in interest by way of merger, consolidation, sale or other succession, without need for further consent to such assignment by Riedman.

9. ***Severability.*** The provisions of this Agreement (including but not limited to the provisions of **Sections 1**, **2, and 3** hereof) shall be deemed severable, and the invalidity or unenforceability of any one or more provisions hereof shall not affect the validity or enforceability of the other provisions hereof.

10. ***Waiver.*** Failure to insist upon strict compliance with any provision hereof shall not be deemed a waiver of such provision or any other provisions hereof.

11. ***Modification.*** This Agreement may not be modified or superseded except by an agreement in writing executed by the parties hereto.

12. ***Governing Law.*** This Agreement has been made in the State of Florida, and shall be governed by and construed and enforced in accordance with the internal law of Florida without regard to principles of conflicts of law. Riedman consents to jurisdiction in any court, state or federal, within Hillsborough County, Florida, and agrees that all litigation regarding this Agreement shall be brought in Hillsborough County, Florida, only. Further, Riedman agrees to waive his privilege of venue and any right Riedman may have in selection of venue in suits brought by the Company or Riedman in connection with this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"THE COMPANY":

BROWN & BROWN, INC.

By: /S/ J. HYATT BROWN

Name: J. Hyatt Brown

Title: Chairman, President & CEO

"RIEDMAN":

/S/ JOHN R. RIEDMAN

John R. Riedman, individually

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EXHIBIT 11

Statement Re: Computation of Basic and Diluted Earnings Per Share (Unaudited)

(In thousands, except per share data)	Year Ended December 31		
	2000	**1999**	**1998**
BASIC EARNINGS PER SHARE			
Net Income	$33,186	$26,789	$23,562
Weighted average shares outstanding	28,540	28,437	28,378
Basic earnings per share	$ 1.16	$ 0.94	$ 0.83
DILUTED EARNINGS PER SHARE			
Weighted average number of shares outstanding	28,540	28,437	28,378
Net effect of dilutive stock options, based on the treasury stock method	123	8	2
Total diluted shares used in computation	28,663	28,445	28,380
Diluted earnings per share	$ 1.16	$ 0.94	$ 0.83

EXHIBIT 13

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 pro-vides 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.

- 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

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
	$	1.16	23.4	$	0.94	$	0.83	$	0.68	$	0.63

Net income per share										
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; 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.

(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."

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 PlanÒ of the Company's National Programs Division.

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)	**2000**	1999	1998
Revenues			
Commissions and fees	**$ 204,862**	$ 183,681	$ 167,532
Investment income	**3,890**	2,810	3,654
Other income	**954**	1,900	299
Total revenues	**209,706**	188,391	171,485
Expenses			
Employee compensation and benefits	**108,258**	98,238	90,054
Other operating expenses	**33,724**	33,080	32,282
Depreciation	**4,637**	4,511	3,929
Amortization	**8,519**	7,725	5,889
Interest	**590**	828	728
Total expenses	**155,728**	144,382	132,882
Income before income taxes	**53,978**	44,009	38,603
Income taxes	**20,792**	17,220	15,041
Net income	**$ 33,186**	$ 26,789	$ 23,562
Basic and diluted net income per share	**$ 1.16**	$ 0.94	$ 0.83
Weighted average number of	**28,663**	28,445	28,280

Weighted average number of shares outstanding	**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				
	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
(in thousands, except per share data)	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					22,358
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 ($.205 per share)			(5,494)		(5,494)
Balance, December 31, 1998	28,514	2,851	75,726	5,540	84,117
Net income			26,789		26,789
Net decrease in unrealized appreciation of available-for-sale securities				(618)	(618)
					_____
Comprehensive Income					26,171
Common stock (purchased)/issued for employee stock benefit plans and stock acquisitions, net	(102)	(10)	100		90
Shareholder distributions from Pooled entities			(1,136)		(1,136)
Cash dividends paid ($.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					30,759
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	28,699	$2,870	$116,546	$ 2,495	$121,911

31, 2000					

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	**$ 3,186**	$ 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.

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	$ 176,413	$ 5,133	$ 3,850	$ 2,240	$ 755	$ 188,391
Revenues	27,172	(506)	244	154	(275)	26,789
Net income						
1998	$ 158,947	$ 5,337	$ 4,316	$ 2,167	$ 718	$ 171,485
Revenues	23,349	(252)	314	157	(6)	23,562
Net income						
					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.

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.

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:

		(Unaudited)

(in thousands, except per share data)	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:

	2000	1999
(in thousands)	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
Less accumulated depreciation and amortization	$41,270 27,060	$ 41,020 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
Less accumulated amortization	162,438	143,765
	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.

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
Less current portion	5,347	8,800
	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:	**$ 817**	$ 1,087
Fixed assets	**1,595**	3,147
Net unrealized appreciation of available-for-sale securities	**542**	721
Prepaid insurance and pension	**363**	237
Intangible assets		
Total deferred tax liabilities	**$ 3,317**	$ 5,192

Deferred tax assets:	**$ 2,247**	$ 2,433
Deferred compensation	**1,342**	1,022
Accruals and reserves	**179**	179
Net operating loss carryforwards	**236**	188
Other	**(38)**	(38)
Valuation allowance for deferred tax assets		
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:	**$ 18,669**	$ 15,172	$ 12,728
Federal	**2,795**	2,477	2,015
State			
Total current provision	**$ 21, 464**	$ 17,649	$ 14,743
Deferred:	**$ (603)**	$ (385)	$ 267
Federal	**(69)**	(44)	31
State			
Total deferred (benefit) provision	**$ (672)**	$ (429)	$ 298
Total tax provision	**$ 20,792**	$ 17,220	$ 15,041

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:	**$ 33,186**	$ 26,789	$ 23,562
As reported	**32,187**	26,608	22,910
Pro forma			
Net income per share:	**$ 1.16**	$ 0.94	$ 0.83
As reported	**1.13**	0.93	0.81
Pro forma			

Note 11 Supplemental Disclosures of Cash Flow Information

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

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)
	611	1,458	4,991
	448	1,305	1,249

Notes payable issued for purchased customer accounts	**(309)**	(1,685)	(989)
Notes received on the sale of fixed assets and customer accounts	**603**	874	863
Common stock issued/cancelled for stock acquisitions	**19,603**	16,535	14,112
Cash paid during the year for:			
Interest			
Income taxes			

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 noncancelable 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	33,439	9,515	3,496	4,888	(735)	38,603

Income (loss) before income taxes	22,429	9,515	2,496	4,886	(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

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
Revenues	**$ 31,815**	$ 25,760	$ 21,931
	$ 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.

/S/ ARTHUR ANDERSEN LLP

Orlando, Florida

January 19, 2001

Quarterly Financial Information (Unaudited) [(1)]

			Net Income			Stock Price Range	
(in thousands of dollars, except per share data)		Revenues	Amount	Per Share	Cash Dividend 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		

	$ 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,					
Revenues	2000	1999	1998	1997	1996	1995
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.

EXHIBIT 21

BROWN & BROWN, INC.

ACTIVE SUBSIDIARIES

Florida Corporations:

B & B Insurance Services, Inc.

Bill Williams Agency, Inc.

Boulton Agency, Inc.

Champion Underwriters, Inc.

Jerry F. Nichols & Associates, Inc.

Lawyer's Protector Plan Risk Purchasing Group, Inc.

Madoline Corporation

Mangus Insurance & Bonding, Inc.

Physician Protector Plan Risk Purchasing Group, Inc.

Ross Insurance of Florida, Inc.

SAN of East Central Florida, Inc.

Signature Insurance Group, Inc.

Spencer & Associates, Inc.

Underwriters Services, Inc.

Foreign Corporations:

A.G. General Agency, Inc. (TX)

Azure V Acquisition Corporation (NV)

Benesys, Inc. (LA)

Brown & Brown Aircraft Acquisition Co. (DE)

Brown & Brown Insurance of Arizona, Inc. (AZ)

Brown & Brown of California, Inc. (CA)

Brown & Brown of Colorado, Inc. (CO)

Brown & Brown Insurance of Georgia, Inc. (GA)

Brown & Brown of Iowa, Inc. (IA)

Brown & Brown Insurance Benefits of Texas, Inc. (TX)

Brown & Brown Metro, Inc. (NJ)

Brown & Brown of Michigan, Inc. (MI)

Brown & Brown of Minnesota, Inc. (MN)

Brown & Brown of New Jersey, Inc. f/k/a Bowers, Schumann & Welch (NJ)

Brown & Brown of New York, Inc. (NY)

Brown & Brown of North Dakota, Inc. (ND)

Brown & Brown of Ohio, Inc. (OH)

Brown & Brown of Ohio, Inc. (OH)

Brown & Brown Insurance of Pennsylvania, Inc. (PA)

Brown & Brown Realty Co. (DE)

Brown & Brown of South Carolina, Inc. (SC)

Brown & Brown of Tennessee, Inc. (TN)

Brown & Brown Insurance Services of Texas, Inc. (TX)

Brown & Brown Insurance Agency of Virginia, Inc. (VA)

Brown & Brown of West Virginia, Inc. (WV)

Brown & Brown of Wisconsin, Inc. (WI)

Brown & Brown of Wyoming, Inc. (WY)

Cost Management Services, Inc. (LA)

The Flagship Group, Ltd. (VA)

Huffman & Associates, Inc. (GA)

Huval Insurance Agency, Inc. (LA)

Huval Insurance Agency of Abbeville, Inc. (LA)

Huval Insurance Agency of Arnaudville, Inc. (LA)

Huval Insurance Agency of Church Point, Inc. (LA)

Huval Insurance Agency of Grand Coteau-Sunset, Inc. (LA)

Huval Insurance Agency of Lafayette, Inc. (LA)

Huval Insurance Agency of Loreauville, Inc. (LA)

Huval Insurance Agency of New Iberia, Inc. (LA)

Huval Insurance Agency of Opelousas, Inc. (LA)

Huval Insurance Agency of Scott, Inc. (LA)

Huval Management Company, Inc. (LA)

Huval Richard Insurance Agency, Inc. (LA)

Insurance Programs Incorporated (LA)

P & O of Texas, Inc. (TX)

Peachtree Special Risk Brokers, LLC (GA) (Brown owns 75%)

Poe & Associates of Illinois, Inc. (IL)

Poe & Brown of Connecticut, Inc. (CT)

Poe & Brown of North Carolina, Inc. (NC)

Roswell Insurance & Surety Agency, Inc. (NM)

Self Insurance Administrators, Inc. (LA)

Unified Seniors Association, Inc.

WMH, Inc. (GA)

<u>Indirect Subsidiaries:</u>

America Underwriting Management, Inc. (FL)

Azure IV Acquisition Corporation (AZ)

Bass Administrators, Inc. (LA)

Brown & Brown of Indiana, Inc. (IN)

Brown & Brown of Lehigh Valley, Inc. (PA)

Brown & Brown of Nevada, Inc. (NV)

Brown & Brown of New Mexico, Inc. (NM)

Ernest Smith Insurance Agency, Inc. (FL)

Flagship Group Insurance Agency, Inc. (MA)

Flagship Management Co. (VA)

Flagship Maritime Adjusters, Inc. (VA)

Florida Intracoastal Underwriters, Limited Company (FL) (limited liability company)

Halcyon Underwriters, Inc. (FL)

The Homeowner Association Risk Purchasing Group, Inc. (AZ)

Hotel-Motel Insurance Group, Inc. (FL)

MacDuff America, Inc. (FL)

MacDuff Pinellas Underwriters, Inc. (FL)

MacDuff Underwriters, Inc. (FL)

Richard-Flagship Services, Inc. (VA) (The Flagship Group, Ltd. owns 50%)

Yates Insurance Agency, Inc. (LA)

EXHIBIT 23

Consent of Independent Certified Public Accountants

As independent certified public accountants, we hereby consent to the incorporation by reference of our report dated January 19_, 2001 on the consolidated financial statements of Brown & Brown, Inc. (the Company) as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000, incorporated by reference into the Company's Form

10-K dated March __, 14, 2001, into the following registration statements previously filed by the Company: Form S-8 (File No. __); 33-41204); Form S-8 (File No. 333-14925); Form S-8 (File No. 333-43018____).

ARTHUR ANDERSEN LLP

/S/ ARTHUR ANDERSEN LLP

Orlando, Florida,

March 12__, 2001

EXHIBIT 24a

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ BRADLEY CURREY, JR.

Bradley Currey, Jr.

Dated: January 24, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S / J. HYATT BROWN

J. Hyatt Brown

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ TONI JENNINGS

Toni Jennings

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ DAVID H. HUGHES

David H. Hughes

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ JAN E. SMITH

Jan E. Smith

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ THEODORE J. HOEPNER

Theodore J. Hoepner

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ SAMUEL P. BELL, III

Samuel P. Bell, III

Dated: January 24, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ JIM W. HENDERSON

Jim W. Henderson

Dated: January 24, 2001

POWER OF ATTORNEY

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/S/ JOHN R. RIEDMAN

John R. Riedman

Dated: January 24, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2000 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ CORY T. WALKER

Cory T. Walker

Dated: March 14, 2001

EXHIBIT 24b

CERTIFIED RESOLUTIONS OF THE BOARD OF DIRECTORS

The undersigned, Laurel L. Grammig, hereby certifies that she is the duly elected, qualified and acting Secretary of Brown & Brown, Inc., a Florida corporation (the "Company"), and that the following resolutions were adopted by the Board of Directors of the Company by unanimous written consent dated as of March 7, 2001:

> RESOLVED, that the March 7, 2001 draft of the Company's 2000 Annual Report on Form 10-K submitted to the Directors is hereby approved in form and substance, subject to any revisions, additions, deletions or insertions deemed necessary or appropriate by Laurel L. Grammig, the Company's Vice President, Secretary and General Counsel, and that the Chief Executive Officer and the Chief Financial Officer are hereby authorized to sign the Form 10-K on behalf of the Company, either personally or through a power of attorney, and to cause the Form 10-K to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission;
>
> FURTHER RESOLVED, that the appropriate officers of the Company are hereby authorized and directed to take all actions they deem necessary or appropriate, including the payment of any necessary filing fees, to carry out the intent of the foregoing resolution.

IN WITNESS WHEREOF, the undersigned Secretary of the Company has executed this Certificate this 14th of March, 2001.

/S/ LAUREL L. GRAMMIG

Laurel L. Grammig

Secretary

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