UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

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 001-13619

BROWN & BROWN, INC.
(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (386) 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, $0.10 PAR VALUE	NEW YORK STOCK EXCHANGE

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

NOTE: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 232.405 of this chapter) 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was last sold on June 30, 2011 (the last business day of the registrant's most recently completed second fiscal quarter) was $2,989,330,854.

The number of outstanding shares of the registrant's Common Stock, $0.10 par value, as of February 20, 2012 was 143,352,216

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2012 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

BROWN & BROWN, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
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Disclosure Regarding Forward-Looking Statements

Brown & Brown, Inc., together with its subsidiaries (collectively, "we," "Brown & Brown" or the "Company"), make "forward-looking statements" within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995, as amended, throughout this report and in the documents we incorporate by reference into this report. You can identify these statements by forward-looking words such as "may," "will," "should," "expect," "anticipate," "believe," "intend," "estimate," "plan" and "continue" or similar words. We have based these statements on our current expectations about future events. Although we believe the expectations expressed in the forward-looking statements included in this Form 10-K and the reports, statements, information and announcements incorporated by reference into this report are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf. Important factors which could cause our actual results to differ materially from the forward-looking statements in this report include the following items, in addition to those matters described in Item 1A "Risk Factors" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations":

- Projections of revenues, income, losses, cash flows, capital expenditures;
- Future prospects;
- Plans for future operations;
- Expectations of the economic environment;
- Material adverse changes in economic conditions in the markets we serve and in the general economy;
- Future regulatory actions and conditions in the states in which we conduct our business;
- Competition from others in the insurance agency, wholesale brokerage, insurance programs and service business;
- The occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in California, Florida, Georgia, Indiana, Louisiana, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Washington, because a significant portion of business written by Brown & Brown is for customers located in these states;
- The integration of our operations with those of businesses or assets we have acquired, including our January 2012 acquisition of Arrowhead General Insurance Agency Superholding Corporation ("Arrowhead"), or may acquire in the future and the failure to realize the expected benefits of such acquisition and integration;
- Premium rates and exposure units set by insurance companies which have traditionally varied and are difficult to predict;
- Our ability to forecast liquidity needs through at least the end of 2012;
- Our ability to renew or replace expiring leases;
- Outcome of legal proceedings and governmental investigations;
- Policy cancellations which can be unpredictable;
- Potential changes to the tax rate that would affect the value of deferred tax assets and liabilities;
- The inherent uncertainty in making estimates, judgments, and assumptions in the preparation of financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP");
- The performance of acquired businesses and its effect on estimated acquisition earn-out payable;
- Other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission ("SEC") filings; and
- Assumptions as to any of the foregoing and all statements that are not based on historical fact but rather reflect our current expectations concerning future results and events.

Forward-looking statements that we make or that are made by others on our behalf are based on a knowledge of our business and the environment in which we operate, but because of the factors listed above, among others, actual results may differ from those in the forward-looking statements. Consequently, these cautionary statements qualify all of the forward-looking statements we make herein. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We assume no obligation to update any of the forward-looking statements.

PART I

ITEM1. Business.

General

We are a diversified insurance agency, wholesale brokerage, insurance programs and service organization with origins dating from 1939, headquartered in Daytona Beach and Tampa, Florida. We market and sell to our customers insurance products and services, primarily in the property, casualty and employee benefits areas. As an agent and broker, we do not assume underwriting risks. Instead, we provide our customers with quality, non-investment insurance contracts, as well as other targeted, customized risk management products and services.

We are compensated for our services primarily by commissions paid by insurance companies and by fees paid by customers for certain services. Commissions are usually a percentage of the premium paid by the insured. Commission rates generally depend upon the type of insurance, the particular insurance company and the nature of the services provided by us. In some cases, we share commissions with other agents or brokers who have acted jointly with us in a transaction. We may also receive from an insurance company a "profit-sharing contingent commission," which is a profit-sharing commission based primarily on underwriting results, but may also contain considerations for volume, growth and/or retention. Fee revenues are generated primarily by: (1) our Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services and Social Security disability and Medicare benefits advocacy services, and (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuing of insurance policies on behalf of insurance carriers. The amount of our revenues 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," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, sales and payroll levels).

As of December 31, 2011, our activities were conducted in 230 locations in 36 states as follows and one office in London, England:

Florida	42	Oklahoma	5	South Carolina	3
Texas	17	Connecticut	4	North Carolina	2
New York	15	Massachusetts	4	Wisconsin	2
Washington	15	Michigan	4	Delaware	1
California	14	Tennessee	4	Hawaii	1
New Jersey	12	Virginia	4	Kansas	1
Georgia	10	Arizona	3	Missouri	1
Pennsylvania	10	Arkansas	3	Nevada	1
Louisiana	9	Minnesota	3	Ohio	1
Colorado	7	Montana	3	West Virginia	1
Indiana	7	New Hampshire	3		
Illinois	6	New Mexico	3		
Kentucky	6	Oregon	3		

Arrowhead Acquisition

On January 9, 2012, we completed the acquisition of Arrowhead General Insurance Agency, Inc. ("Arrowhead"), a national insurance program manager and one of the largest managing general agents ("MGA") in the property and casualty insurance industry, pursuant to a merger agreement dated December 15, 2011 (the "Merger Agreement"). Under the Merger Agreement, the total cash purchase price of $395.0 million is subject to adjustments for options to purchase shares of Arrowhead's common stock, working capital, sharing of net operating tax losses, Arrowhead's preferred stock units, transaction expenses, and closing debt. In addition, within 60 days following the third anniversary of the acquisition's closing date, we will pay to certain persons who were Arrowhead equityholders as of the closing date additional earn-out payments equal, collectively, to $5.0 million, subject to certain adjustments based on the" cumulative EBITDA" of Arrowhead and all of its subsidiaries, as calculated under the Merger Agreement, during the final year of the three-year period following the acquisition's closing date.

Industry Overview

Premium pricing within the property and casualty insurance underwriting (risk-bearing) industry has historically been cyclical, displaying a high degree of volatility based on prevailing economic and competitive conditions. From the mid-1980s through 1999, the property and casualty insurance industry experienced 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. The

dampening effect of this softness in rates on our revenues was somewhat offset by our acquisitions and new business production. As a result of increasing "loss ratios" (the comparison of incurred losses plus adjustment expenses against earned premiums) of insurance companies through 1999, premium rates generally increased beginning in the first quarter of 2000 and continuing into 2003. During 2003, increases in premium rates began to moderate and, in certain lines of insurance, premium rates decreased. In 2004, as general premium rates continued to moderate, the insurance industry experienced the worst hurricane season since 1992 (when Hurricane Andrew hit south Florida). The insured losses from the 2004 hurricane season were absorbed relatively easily by the insurance industry and the general insurance premium rates continued to soften during 2005.

During the third quarter of 2005, the insurance industry experienced the worst hurricane season ever recorded. As a result of the significant losses incurred by insurance companies from these hurricanes, insurance premium rates in 2006 increased on coastal property, primarily in the southeastern region of the United States. In the other regions of the United States, insurance premium rates generally declined during 2006.

In addition to significant insurance pricing declines in Florida (as discussed below) insurance premium rates continued to decline from 2007 through 2011 in most of the other U.S. regions. During 2007 and 2008, the home-building industry in southern California and to a lesser extent in Nevada, Arizona and Florida, was hit especially hard. We have a wholesale brokerage operation that focuses on placing property and casualty insurance products for that home-building segment. The revenues from this operation were significantly and negatively impacted during 2007 through 2009 by these national economic trends, and by 2010 these revenues were insignificant.

Although insurance premium rates declined from 2008 through 2011 in most lines of coverage, the rates of decline appeared to be slowing. However, during the second half of 2008 and all of 2009, insurable exposure units, such as sales and payroll expenditures, declined significantly due to the weakening economy, primarily in the southeastern and western parts of the United States. Since 2008, declining exposure units continued to have a greater adverse impact on our commissions and fees revenue than did declining insurance premium rates. General insurance premium rates are expected to modestly and gradually increase during 2012. Even though exposure units do not seem to be declining at the same pace as they were in the beginning of 2011, we do not expect any significant growth in exposure units in 2012.

SEGMENT INFORMATION

Our business is divided into four reportable operating segments: (1) the Retail Division; (2) the National Programs Division; (3) the Wholesale Brokerage Division; and (4) the Services Division. The Retail Division provides a broad range of insurance products and services to commercial, public entity, professional and individual customers. The National Programs Division contains two units: Professional Programs, which provides professional liability and related package products for certain professionals; and Special Programs, which markets targeted products and services to specific industries, trade groups, public entities, and market niches. The Wholesale Brokerage Division markets and sells excess and surplus commercial and personal insurance, and reinsurance, primarily through independent agents and brokers. The Services Division provides customers with third-party claims administration, consulting for the workers' compensation insurance market, comprehensive medical utilization management services in both workers' compensation and all-lines liability arenas, Medicare Secondary Payer statute compliance-related services, and Social Security disability and Medicare benefits advocacy services.

The following table summarizes (1) the commissions and fees revenue generated by each of our reportable operating segments for 2011, 2010 and, 2009, and (2) the percentage of our total commissions and fees revenue represented by each segment for each such period:

(in thousands, except percentages)	2011	%	2010	%	2009	%
Retail Division	$ 604,966	60.2%	$573,809	59.3%	$582,472	60.4%
National Programs Division	181,210	18.0%	188,944	19.6%	190,572	19.8%
Wholesale Brokerage Division	155,689	15.5%	157,044	16.2%	157,658	16.3%
Services Division	64,875	6.4%	46,336	4.8%	32,689	3.4%
Other	(778)	(0.1)%	784	0.1%	1,472	0.1%
Total	$1,005,962	100.0%	$966,917	100.0%	$964,863	100.0%

We conduct all of our operations within the United States of America, except for one wholesale brokerage operation based in London, England that commenced business in March 2008. This operation earned $9.1 million, $9.9 million and $6.6 million of revenues for the years ended December 31, 2011, 2010 and 2009, respectively. We do not have any material foreign long-lived assets.

See Note 15 to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional segment financial data relating to our business.

Retail Division

As of December 31, 2011, our Retail Division employed 3,230 persons. Our retail insurance agency business provides a broad range of insurance products and services to commercial, public and quasi-public entity, professional and individual customers. The categories of insurance we principally sell include: property insurance relating to physical damage to property and resultant interruption of business or extra expense caused by fire, windstorm or other perils; casualty insurance relating to legal liabilities, workers' compensation, commercial and private passenger automobile coverages; and fidelity and surety bonds. We also sell and service group and individual life, accident, disability, health, hospitalization, medical and dental insurance.

No material part of our retail business is attributable to a single customer or a few customers. During 2011, commissions and fees from our largest single Retail Division customer represented less than one half of one percent (0.50%) of the Retail Division's total commissions and fees revenue.

In connection with the selling and marketing of insurance coverages, we provide a broad range of related services to our customers, such as risk management and loss control surveys and analysis, consultation in connection with placing insurance coverages and claims processing. We believe these services are important factors in securing and retaining customers.

National Programs Division

As of December 31, 2011, our National Programs Division employed 860 persons. Our National Programs Division consists of two units: Professional Programs and Special Programs.

Professional Programs. Professional Programs provides professional liability and related package insurance products for certain professionals. Professional Programs tailors insurance products to the needs of a particular professional 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 sponsoring company. Professional groups that Professional Programs service include dentists, lawyers, accountants, optometrists, opticians, insurance agents, financial service representatives, benefit administrators, real estate brokers, real estate title agents and escrow agents. The Professional Protector Plan® for Dentists and the Lawyer's Protector Plan® are marketed and sold primarily through a national network of independent agencies including certain of our retail offices; however, certain professional liability programs, CalSurance® and TitlePac®, are principally marketed and sold directly to our insured customers. Under our agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims. For the programs that we market through independent agencies, we receive a wholesale commission or "override," which is then shared with these independent agencies.

Below are brief descriptions of the programs offered to professional groups by the Professional Programs unit of the National Programs Division.

- *Certified Public Accountants:* The CPA Protector Plan® offers professional liability coverage for certified public accountant practitioners and firms throughout the United States.
- *Dentists*: The Professional Protector Plan® for Dentists offers comprehensive coverage for dentists, oral surgeons, dental schools and dental students, 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 in 50 states, the District of Columbia, the U.S. Virgin Islands and Puerto Rico.
- *Financial Professionals*: CalSurance® and CITA Insurance have specialized in this niche since 1980 and offer professional liability programs designed for insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers and real estate title agents. An important aspect of CalSurance® is Lancer Claims Services, which provides specialty claims administration for insurance companies underwriting CalSurance® product lines.
- *Lawyers*: The Lawyer's Protector Plan® (LPP®) was introduced in 1983, 10 years after we began marketing lawyers' professional liability insurance. We presently offer this program in 44 states and the District of Columbia.
- *Optometrists and Opticians*: The Optometric Protector Plan® (OPP®) and the Optical Services Protector Plan® (OSPP®) were created in 1973 and 1987, respectively, to provide professional liability, package and workers' compensation coverages exclusively for optometrists and opticians. These programs insure optometrists and opticians nationwide.
- *Real Estate Professionals:* TitlePac® provides professional liability products and services designed for real estate title agents and escrow agents in 47 states and the District of Columbia.
- *Wedding Protector* Plan®: Wedding Protector Plan® provides wedding cancelation and liability insurance and is offered in 49 states and the District of Columbia.

Special Programs. Special Programs markets targeted products and services to specific industries, trade groups, public and quasi-public entities, and market niches. Most of these products and services are marketed and sold primarily through independent agents,

including certain of our retail offices. However, a number of these products and services are also marketed and sold directly to insured customers. Under agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims.

Below are brief descriptions of the Special Programs:

- *Acumen Re Management Corporation* is a reinsurance underwriting management organization, primarily acting as an outsourced specific excess workers' compensation, directors and officers' liability, and errors and omissions liability facultative reinsurance underwriting facility.
- *AFC Insurance, Inc.* ("AFC") is a managing general underwriter, specializing in insurance products tailored to the health and human services industry. AFC works with retail agents in all states and targets home healthcare, group homes for the mentally and physically challenged, independent pizza restaurants, drug and alcohol facilities and programs for the developmentally disabled.
- *American Specialty Insurance & Risk Services, Inc*. provides insurance and risk management services for customers in professional sports, motor sports, amateur sports, and the entertainment industry.
- *Fabricare*: Irving Weber Associates, Inc. ("IWA") has specialized in this niche since 1946, providing package insurance including workers' compensation to dry cleaners, linen supply and uniform rental operations. They also offer insurance programs for independent grocery stores and restaurants.
- *Florida Intracoastal Underwriters, Limited Company* ("FIU") is a managing general agency that specializes in providing insurance coverage for coastal and inland high-value condominiums and apartments. FIU has developed a specialty reinsurance facility to support the underwriting activities associated with these risks.
- *Industry Consulting Group, Inc.* ("ICG") is a complete property tax service provider, and works with Proctor Financial, Inc. in providing solutions to the financial institutions industry. ICG provides a full range of property tax processing solutions, property valuations and appeals, and other services to the real estate, oil and gas, and financial institution industries. ICG feature full electronic interfaces, sophisticated and flexible reporting and systems that are customized to individual specifications.
- *Parcel Insurance Plan®* (PIP ®) is a specialty insurance agency providing insurance coverage to commercial and private shippers for small packages and parcels with insured values of less than $25,000 each.
- *Proctor Financial, Inc*. ("Proctor") provides insurance programs and compliance solutions for financial institutions that service mortgage loans. Proctor's products include lender-placed fire and flood insurance, full insurance outsourcing, mortgage impairment, and blanket equity insurance. Proctor acts as a wholesaler and writes surplus lines property business for its financial institution customers.
- *Professional Risk Specialty Group* is a specialty insurance agency providing liability insurance products to various professional groups.
- *Public Risk Underwriters®*, along with our similar offices in Florida and other states, are program administrators offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for municipalities, schools, fire districts, and other public entities.
- *Railroad Protector Plan®* (RRPP®). Introduced in 1997, this program provides insurance products for contractors, manufacturers and other entities servicing the railroad industry.
- *Towing Operators Protector Plan® (TOPP®)*. Introduced in 2009, this program provides property and casualty insurance for businesses involved in light class towing operations.

All of Arrowhead's operations, except for the claims operations, will report under National Programs.

Wholesale Brokerage Division

At December 31, 2011, our Wholesale Brokerage Division employed 832 persons. Our Wholesale Brokerage Division markets and sells excess and surplus commercial insurance products and services to retail insurance agencies (including our retail offices), and reinsurance products and services to insurance companies throughout the United States. The Wholesale Brokerage Division offices represent various U.S. and U.K. surplus lines insurance companies. Additionally, certain offices are also Lloyd's of London correspondents. The Wholesale Brokerage Division also represents admitted insurance companies for purposes of affording access to such companies for smaller agencies that otherwise do not have access to large insurance company representation. Excess and surplus insurance products encompass many insurance coverages, including personal lines, homeowners, yachts, jewelry, commercial property and casualty, 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 coverage. Wholesale brokers solicit business through mailings and direct contact with retail agency representatives. During 2011, commissions and fees from our largest Wholesale Brokerage Division customer represented approximately 1.1% of the Wholesale Brokerage Division's total commissions and fees revenue.

Services Division

At December 31, 2011, our Services Division employed 465 persons and provided a wide-range of insurance-related services.

Below are brief descriptions of the programs offered by the Services Division.

- *The Advocator Group* assists individuals throughout the United States who are seeking to establish eligibility for coverage under the U.S. Government's Social Security Disability program and provides health plan selection and enrollment assistance for Medicare beneficiaries. The Advocator Group works closely with employer-sponsored group life, disability and health plan participants to assist disabled employees in receiving the education, advocacy and benefit coordination assistance necessary to achieve the fastest possible benefit approvals. In addition, The Advocator Group also provides second injury fund recovery services to the workers compensation insurance market.
- *Colonial Claims* provides insurance claims adjusting and related services, including education and training services, throughout the United States. Colonial Claims handle property and casualty insurers' multi-line and catastrophic claims needs, including auto, earthquake, flood, hail, homeowners and wind claims. Colonial Claims' adjusters are approved by the National Flood Insurance Program and are certified in each classification of loss that include dwelling, mobile home, condominium association, commercial and large losses.
- *NuQuest/Bridge Point and Protocols* provide a full spectrum of Medicare Secondary Payer ("MSP") statute compliance services, from MSA Allocation through Professional Administration to over 250 insurance carriers, third-party administrators, self-insured employers, attorneys, brokers and related claims professionals nationwide. Specialty services include medical projections, life care plans, Medicare set-aside analysis, allocation and administration.
- *Preferred Governmental Claims Services* ("PGCS") provides third-party administration ("TPA") services for insurance entities and self-funded or fully-insured workers' compensation and liability plans. PGCS services include claims administration, cost containment consulting, services for secondary disability, and subrogation recoveries.
- *United Self-Insured Services ("USIS")* provides third-party administration ("TPA") services for insurance entities and self-funded or fully-insured workers' compensation and liability plans. USIS services include claims administration, access to major reinsurance markets, cost containment consulting, services for secondary disability, and subrogation recoveries and risk management services such as loss control. USIS services also includes managed care services, including medical networks, case management and utilization review services certified by the American Accreditation Health Care Commission.

In 2011, our three largest workers' compensation contracts represented approximately 15.8% of our Services Division's fees revenues, or approximately 1.0% of our total consolidated commissions and fees revenue.

Employees

At December 31, 2011, we had 5,557 full-time equivalent employees. We have agreements with our sales employees and certain other employees that include provisions restricting their ability to solicit business from our customers or to hire our employees for a period of time after separation from employment with us. The enforceability of such agreements varies from state to state depending upon state statutes, judicial decisions and factual circumstances. The majority of these agreements are at-will and terminable by either party; however, the covenants not to solicit our customers and employees generally extend for a period of two years after cessation of employment.

None of our employees is represented by a labor union, and we consider our relations with our employees to be satisfactory.

Competition

The insurance intermediary business is highly competitive, and numerous firms actively compete with us for customers and insurance markets. Competition in the insurance business is largely based on innovation, quality of service and price. A number of firms and banks with substantially greater resources and market presence compete with us in the southeastern United States and elsewhere, particularly outside of Florida.

A number of insurance companies directly sell insurance, primarily to individuals, and do not pay commissions to third-party agents and brokers. In addition, the Internet continues to be a source for direct placement of personal lines business. To date, such direct sales efforts have had little effect on our operations, primarily because our Retail Division is commercially rather than individually oriented.

In addition, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 and regulations enacted thereunder permit banks, securities firms and insurance companies to affiliate. As a result, the financial services industry has experienced and may continue to experience consolidation, which in turn has resulted and could continue to result in increased competition from diversified financial institutions, including competition for acquisition prospects.

Regulation, Licensing and Agency Contracts

We and/or our designated employees must be licensed to act as agents, brokers, intermediaries or third-party administrators by state regulatory authorities in the states in which we conduct business. Regulations and licensing laws vary by individual state 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 we and/or our employees could be excluded or temporarily suspended from carrying on some or all of our activities in, or could otherwise be subjected to penalties by, a particular state.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). We make available free of charge on our website, at *www.bbinsurance.com*, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act and the rules promulgated thereunder, as soon as reasonably practicable after electronically filing or furnishing such material to the SEC. These documents are posted on our website at *www.bbinsurance.com* — select the "Investor Relations" link and then the "Publications & Filings" link.

Copies of these reports, proxy statements and other information can be read and copied at:

SEC Public Reference Room
100 F Street NE
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at *www.sec.gov*.

The charters of the Audit, Compensation and Nominating/Governance Committees of our Board of Directors as well as our Corporate Governance Principles, Code of Business Conduct and Ethics and Code of Ethics — CEO and Senior Financial Officers (including any amendments to, or waivers of any provision of any of these charters, principles or codes) are also available on our website or upon request. Requests for copies of any of these documents should be directed in writing to Corporate Secretary, Brown & Brown, Inc., 3101 West Martin Luther King Jr. Blvd., Suite 400, Tampa, Florida 33607, or by telephone to (813) 222-4277.

ITEM1A. Risk Factors

WE CANNOT ACCURATELY FORECAST OUR COMMISSION REVENUES BECAUSE OUR COMMISSIONS DEPEND ON PREMIUM RATES CHARGED BY INSURANCE COMPANIES, WHICH HISTORICALLY HAVE VARIED AND, AS A RESULT, HAVE BEEN DIFFICULT TO PREDICT.

We are primarily engaged in the insurance agency, wholesale brokerage, and insurance programs business, and derive revenues principally from commissions paid by insurance companies. Commissions are based upon a percentage of premiums paid by customers for insurance products. The amount of such commissions is therefore highly dependent on premium rates charged by insurance companies. We do not determine insurance premiums. Premium rates are determined by insurance companies based on a fluctuating market. Historically, property and casualty premiums have been cyclical in nature and have varied widely based on market conditions.

As traditional risk-bearing insurance companies continue to outsource the production of premium revenue to non-affiliated brokers or agents such as us, those insurance companies may seek to further reduce their expenses by reducing the commission rates payable to those insurance agents or brokers. The reduction of these commission rates, along with general volatility and/or declines in premiums, may significantly affect our profitability. Because we do not determine the timing or extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect the results of our operations.

CURRENT U.S. ECONOMIC CONDITIONS AND THE SHIFT AWAY FROM TRADITIONAL INSURANCE MARKETS MAY CONTINUE TO ADVERSLY AFFECT OUR BUSINESS.

Since late 2007, global consumer confidence has eroded amidst concerns over declining asset values, potential inflation, volatility in energy costs, geopolitical issues, the availability and cost of credit, high unemployment, and the stability and solvency of financial institutions, financial markets, businesses, and sovereign nations. These concerns have slowed economic growth and resulted in a recession in the United States. Economic conditions have had a negative impact on our results of operations during the years since 2008 due to reduced customer demand. If these economic conditions continue or worsen, a number of negative effects on our business could result, including further declines in values of insurable exposure units, further declines in insurance premium rates, and the financial insolvency, or reduced ability to pay, of certain of our customers. Any of these effects could decrease our net revenues and profitability.

In addition, there has been an increase in alternative insurance markets, such as self-insurance, captives, risk retention groups and non-insurance capital markets. While we compete in these segments on a fee-for-service basis, we cannot be certain that such alternative markets will provide the same level of profitability as traditional insurance markets.

OUR GROWTH STRATEGY DEPENDS IN PART ON THE ACQUISITION OF OTHER INSURANCE INTERMEDIARIES, WHICH MAY NOT BE AVAILABLE ON ACCEPTABLE TERMS IN THE FUTURE AND WHICH, IF CONSUMMATED, MAY NOT BE ADVANTAGEOUS TO US.

Our growth strategy includes the acquisition of other insurance intermediaries. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets requires us to implement and improve our operations and our financial and management information systems. Integrated, acquired businesses may not achieve levels of revenues, profitability, or productivity comparable to our existing operations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with firms and banks that have substantially greater resources than we do. Acquisitions also involve a number of special risks, such as: diversion of management's attention; difficulties in the integration of acquired operations and retention of personnel; entry into unfamiliar markets; unanticipated problems or legal liabilities; estimation of the acquisition earn-out payable; and tax and accounting issues, some or all of which could have a material adverse effect on the results of our operations, financial condition and cash flows. Given its large size relative to our prior acquisitions, our recently completed Arrowhead acquisition involve many of the risks identified above, such as achieving anticipated levels of profitability, the integration of Arrowhead's operations into ours, the retention of Arrowhead's personnel, the diversion of our management's attention and unanticipated problems or legal difficulties.

WE COULD INCUR SUBSTANTIAL LOSSES FROM OUR CASH AND INVESTMENT ACCOUNTS IF ONE OF THE FINANCIAL INSTITUTIONS THAT WE USE FAILS OR IS TAKEN OVER BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC").

Traditionally, we have maintained cash and investment balances, including restricted cash held in premium trust accounts, at various depository institutions in amounts that are significantly in excess of the limits insured by the FDIC. While we began in the Fall of 2008 re-focusing our investment and cash management strategy by moving more of our cash into non-interest bearing accounts (which are FDIC-insured until December 31, 2012, but not subject to any limits) and money market accounts (a portion of which became FDIC insured in the Fall of 2008), we still maintain cash and investment balances in excess of the limits insured by FDIC. As the credit crisis persists, the financial strength of some depository institutions has diminished and this trend may continue. If one or more of the depository institutions with which we maintain significant cash balances were to fail, our ability to access these funds might be temporarily or permanently limited, and we could face material liquidity problems and potential material financial losses.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY THE FURTHER DISRUPTION IN THE U.S.-BASED CREDIT MARKETS AND BY FURTHER INSTABILITY OF FINANCIAL SYSTEMS.

The disruption in the U.S.-based credit markets, the repricing of credit risk and the deterioration of the financial and real estate markets over the past few years have created increasingly difficult conditions for financial institutions and certain insurance companies. These conditions include significant losses, greater volatility, significantly less liquidity, widening of credit spreads and a lack of price transparency in certain markets. While these conditions have somewhat abated since the Fall of 2008, it is difficult to predict when these conditions will completely end and the extent to which our markets, products and business will be adversely affected.

The unprecedented disruptions in the credit and financial markets had a significant material adverse impact on a number of financial institutions and limited access to capital and credit for many companies. Although we are not currently experiencing any limitation of access to our revolving credit facility (which matures in 2016) and are not aware of any issues impacting the ability or willingness of our lenders under such facility to honor their commitments to extend us credit, the failure of a lender could adversely affect our ability to borrow on that facility, which over time could negatively impact our ability to consummate significant acquisitions or make other significant capital expenditures. Continued adverse conditions in the credit markets in future years could adversely affect the availability and terms of future borrowings or renewals or refinancings.

We also have a significant amount of trade accounts receivable from some insurance companies with which we place insurance. If those insurance companies were to experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our financial condition and results of operations.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY ECONOMIC CONDITIONS THAT RESULT IN REDUCED INSURER CAPACITY.

Our results of operations depend on the continued capacity of insurance carriers to underwrite risk and provide coverage, which depends in turn on insurance companies' ability to procure reinsurance. We have no control over these matters. To the extent that reinsurance becomes less widely available, we may not be able to procure the amount or types of coverage that our customers desire and the coverage we are able to procure may be more expensive or limited.

INFLATION MAY ADVERSELY AFFECT OUR BUSINESS OPERATIONS IN THE FUTURE.

Given the current macroeconomic environment, it is possible that U.S. government actions, in the form of a monetary stimulus, a fiscal stimulus, or both, to the U.S. economy, could lead to inflationary conditions that would adversely affect our cost base, resulting in an increase in our employee compensation and benefits and our other operating expenses. This could harm our margins and profitability if we are unable to increase prices or cut costs enough to offset the effects of inflation on our cost base.

WE ARE EXPOSED TO INTANGIBLE ASSET RISK; SPECIFICALLY, OUR GOODWILL MAY BECOME IMPAIRED IN THE FUTURE.

As of the date of the filing of our Annual Report on Form 10-K for the 2011 fiscal year, we have $1,323,469,000 of goodwill recorded on our Consolidated Balance Sheet. We perform a goodwill impairment test on an annual basis and whenever events or changes in circumstances indicate that the carrying value of our goodwill may not be recoverable from estimated future cash flows. We completed our most recent evaluation of impairment for goodwill as of November 30, 2011 and determined that the fair value of goodwill and amortizable intangible assets substantially exceed the carrying value of such assets. A significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate or slower growth rates could result in the need to perform an additional impairment analysis prior to the next annual goodwill impairment test. If we were to conclude that a future write-down of our goodwill is necessary, we would then record the appropriate charge, which could result in material charges that are adverse to our operating results and financial position. See Notes 1 – "Summary of Significant Accounting Policies" and Note 3 – "Goodwill" to the Consolidated Financial Statements and "Management's Report on Internal Control Over Financial Reporting."

OUR BUSINESS PRACTICES AND COMPENSATION ARRANGEMENTS ARE SUBJECT TO UNCERTAINTY DUE TO INVESTIGATIONS BY GOVERNMENTAL AUTHORITIES AND POTENTIAL RELATED PRIVATE LITIGATION.

The business practices and compensation arrangements of the insurance intermediary industry, including our practices and arrangements, are subject to uncertainty due to investigations by various governmental authorities. As disclosed in prior years, certain of our offices are parties to profit-sharing contingent commission agreements with certain insurance companies, including agreements providing for potential payment of revenue-sharing commissions by insurance companies based primarily on the overall profitability of the aggregate business written with those insurance companies and/or additional factors such as retention ratios and the overall volume of business that an office or offices place with those insurance companies. Additionally, to a lesser extent, some of our offices are parties to override commission agreements with certain insurance companies, which provide for commission rates in excess of standard commission rates to be applied to specific lines of business, such as group health business, and which are based primarily on the overall volume of business that such office or offices placed with those insurance companies. The Company has not chosen to discontinue receiving profit-sharing contingent commissions or override commissions. The legislatures of various states may adopt new laws addressing contingent commission arrangements, including laws prohibiting such arrangements, and addressing disclosure of such arrangements to insureds. Various state departments of insurance may also adopt new regulations addressing these matters. While we cannot predict the outcome of the governmental inquiries and investigations into the insurance industry's commission payment practices or the responses by the market and government regulators, any unfavorable resolution of these matters could adversely affect our results of operations. Further, if such resolution included a material decrease in our profit-sharing contingent commissions and override commissions, it would likely adversely affect our results of operations.

OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION OR LIQUIDITY MAY BE MATERIALLY ADVERSELY AFFECTED BY ERRORS AND OMISSIONS AND THE OUTCOME OF CERTAIN ACTUAL AND POTENTIAL CLAIMS, LAWSUITS AND PROCEEDINGS.

We are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in connection with the placement or servicing of insurance and/or the provision of services in the ordinary course of business. Because we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims that customers may assert, errors and omissions claims against us may arise alleging potential liability for all or part of the amounts in question. Claimants may seek large damage awards, and these claims may involve potentially significant legal costs. Such claims, lawsuits and other proceedings could, for example, include claims for damages based on allegations that our employees or sub-agents improperly failed to procure coverage, report claims on behalf of customers, provide insurance companies with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold for our customers on a fiduciary basis. We have established provisions against these potential matters that we believe to be adequate in the light of current information and legal advice, and we adjust such provisions from time to time according to developments.

While most of the errors and omissions claims made against us (subject to our self-insured deductibles) have been covered by our professional indemnity insurance, our business, results of operations, financial condition and liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable, or if there is an increase in liabilities for which we self-insure. Our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire in the future may be adversely impacted by general developments in the market for such insurance or our own claims experience. In addition, claims, lawsuits and other proceedings may harm our reputation or divert management resources away from operating our business.

WE DERIVE A SIGNIFICANT PORTION OF OUR COMMISSION REVENUES FROM A LIMITED NUMBER OF INSURANCE COMPANIES, THE LOSS OF WHICH COULD RESULT IN ADDITIONAL EXPENSE AND LOSS OF MARKET SHARE.

For the year ended December 31, 2011, approximately 5.2% of our total core commissions was derived from insurance policies underwritten by one insurance company. For the year ended December 31, 2010, approximately 5.0% of our total commissions and fees revenue was derived from insurance policies underwritten by one insurance company. For the year ended December 31, 2009, approximately 5.0% and 5.0%, respectively, of our total commissions were derived from insurance policies underwritten by two separate insurance companies. Should either of these insurance companies seek to terminate their arrangements with us, we believe that 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 5.0% or more of our total commissions and fees.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN CALIFORNIA, FLORIDA, GEORGIA, INDIANA, MASSACHUSETTS, MICHIGAN, NEW JERSEY, NEW YORK, PENNSYLVANIA, TEXAS AND WASHINGTON, ADVERSE ECONOMIC CONDITIONS OR REGULATORY CHANGES IN THESE STATES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

A significant portion of our business is concentrated in California, Florida, Georgia, Indiana, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Washington. For the years ended December 31, 2010, 2009 and 2008, we derived $765.7 million or 76.1%, $739.0 million or 76.4% and $739.3 million, or 76.6%, of our commissions and fees, respectively, from our operations located in these states. We believe that these revenues are attributable predominately to customers in these states. We believe the current regulatory environment for insurance intermediaries in these states is no more restrictive than in other states. The insurance business is primarily a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in the states identified above, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows.

WE HAVE EXPANDED OUR OPERATIONS INTERNATIONALLY, WHICH MAY RESULT IN A NUMBER OF ADDITIONAL RISKS AND REQUIRE MORE MANAGEMENT TIME AND EXPENSE THAN OUR DOMESTIC OPERATIONS TO ACHIEVE OR MAINTAIN PROFITABILITY.

In 2008, we expanded our operations to the United Kingdom. This was the first time we have opened an office outside the United States. In the future, we intend to continue to consider additional international expansion opportunities. Our international operations may be subject to a number of risks, including:

- Difficulties in staffing and managing foreign operations;

- Less flexible employee relationships, which may make it difficult and expensive to terminate employees and which limits our ability to prohibit employees from competing with us after their employment ceases;
- Political and economic instability (including acts of terrorism and outbreaks of war);
- Coordinating our communications and logistics across geographic distances and multiple time zones;
- Unexpected changes in regulatory requirements and laws;
- Adverse trade policies, and adverse changes to any of the policies of either the U.S. or any of the foreign jurisdictions in which we operate;
- Adverse changes in tax rates;
- Legal or political constraints on our ability to maintain or increase prices;
- Governmental restrictions on the transfer of funds to us from our operations outside the United States; and
- Burdens of complying with a wide variety of labor practices and foreign laws, including those relating to export and import duties, environmental policies and privacy issues.

OUR CURRENT MARKET SHARE MAY DECREASE AS A RESULT OF INCREASED COMPETITION FROM INSURANCE COMPANIES AND THE FINANCIAL SERVICES INDUSTRY.

The insurance intermediary business is highly competitive and we actively compete with numerous firms for customers and insurance companies, many of which have relationships with insurance companies or have a significant presence in niche insurance markets that may give them an advantage over us. Because relationships between insurance intermediaries and insurance companies or customers are often local or regional in nature, this potential competitive disadvantage is particularly pronounced outside of Florida. A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers. In addition, as and to the extent that banks, securities firms and insurance companies affiliate, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance, than we currently offer.

PROPOSED TORT REFORM LEGISLATION, IF ENACTED, COULD DECREASE DEMAND FOR LIABILITY INSURANCE, THEREBY REDUCING OUR COMMISSION REVENUES.

Legislation concerning tort reform has been considered, from time to time, in the United States Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for liability insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

WE COMPETE IN A HIGHLY-REGULATED INDUSTRY, WHICH MAY RESULT IN INCREASED EXPENSES OR RESTRICTIONS ON OUR OPERATIONS.

We conduct business in most states and are subject to comprehensive regulation and supervision by government agencies in the states in which we do business. The primary purpose of such regulation and supervision is to provide safeguards for policyholders rather than to protect the interests of our stockholders. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing of entities to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends. Also, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers. We act as agents and brokers for such state insurance funds and assigned risk pools in California and certain other states. These state funds and pools could choose to reduce the sales or brokerage commissions we receive. Any such reductions, in a state in which we have substantial operations, such as Florida, California or New York, could substantially affect the profitability of our operations in such state, or cause us to change our marketing focus. Further, state insurance regulators and the National Association of Insurance Commissioners continually re-examine existing laws and regulations, and such re-examination may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations thereof, that adversely affect our business. Although we believe that we are in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules or regulations will not be adopted in the future that could make compliance more difficult or expensive. Specifically, recently adopted federal financial services modernization legislation could lead to additional federal regulation of the insurance industry in the coming years, which could result in increased expenses or restrictions on our operations.

PROFIT-SHARING CONTINGENT COMMISSIONS AND OVERRIDE COMMISSIONS PAID BY INSURANCE COMPANIES ARE LESS PREDICTABLE THAN USUAL, WHICH IMPAIRS OUR ABILITY TO PREDICT THE AMOUNT OF SUCH COMMISSIONS THAT WE WILL RECEIVE.

We derive a portion of our revenues from profit-sharing contingent commissions and override commissions paid by insurance companies. Profit-sharing contingent commissions are special revenue-sharing commissions paid by insurance companies based upon the profitability, volume and/or growth of the business placed with such companies during the prior year. We primarily receive these commissions in the first and second quarters of each year. These commissions generally have accounted for 4.4% to 5.7% of our previous year's total annual revenues over the last three years. Due to the inherent uncertainty of loss in our industry and changes in underwriting criteria due in part to the high loss ratios experienced by insurance companies, we cannot predict the payment of these profit-sharing contingent commissions. Further, we have no control over the ability of insurance companies to estimate loss reserves, which affects our ability to make profit-sharing calculations. Override commissions are paid by insurance companies based on the volume of business that we place with them and are generally paid over the course of the year. Because profit-sharing contingent commissions and override commissions materially affect our revenues, any decrease in their payment to us could adversely affect the results of our operations and our financial condition.

WE HAVE NOT DETERMINED THE AMOUNT OF RESOURCES AND THE TIME THAT MAY BE NECESSARY TO ADEQUATELY RESPOND TO RAPID TECHNOLOGICAL CHANGE IN OUR INDUSTRY, WHICH MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATING RESULTS.

Frequent technological changes, new products and services and evolving industry standards are influencing the insurance business. The Internet, for example, is increasingly used to securely transmit benefits and related information to customers and to facilitate business-to-business information exchange and transactions. We believe that the development and implementation of new technologies will require additional investment of our capital resources in the future. We have not determined, however, the amount of resources and the time that this development and implementation may require, which may result in short-term, unexpected interruptions to our business, or may result in a competitive disadvantage in price and/or efficiency, as we develop or implement new technologies.

QUARTERLY AND ANNUAL VARIATIONS IN OUR COMMISSIONS THAT RESULT FROM THE TIMING OF POLICY RENEWALS AND THE NET EFFECT OF NEW AND LOST BUSINESS PRODUCTION MAY HAVE UNEXPECTED EFFECTS ON OUR RESULTS OF OPERATIONS.

Our commission income (including profit-sharing contingent commissions and override commissions but excluding fees) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. We do not control the factors that cause these variations. Specifically, customers' demand for insurance products can influence the timing of renewals, new business and lost business (which includes policies that are not renewed), and cancellations. In addition, as discussed, we rely on insurance companies for the payment of certain commissions. Because these payments are processed internally by these insurance companies, we may not receive a payment that is otherwise expected from a particular insurance company in a particular quarter or year until after the end of that period, which can adversely affect our ability to budget for significant future expenditures. Quarterly and annual fluctuations in revenues based on increases and decreases associated with the timing of policy renewals may adversely affect our financial condition, results of operations and cash flows.

WE MAY EXPERIENCE VOLATILITY IN OUR STOCK PRICE THAT COULD AFFECT YOUR INVESTMENT.

The market price of our common stock may be subject to significant fluctuations in response to various factors, including: quarterly fluctuations in our operating results; changes in securities analysts' estimates of our future earnings; changes in securities analysts' predictions regarding the short-term and long-term future of our industry; and our loss of significant customers or significant business developments relating to us or our competitors. Our common stock's market price also may be affected by our ability to meet stock analysts' earnings and other expectations. Any failure to meet such expectations, even if minor, could cause the market price of our common stock to decline. In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many listed companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock's market price. In the past, securities class action lawsuits frequently have been instituted against companies following periods of volatility in the market price of such companies' securities. If any such litigation is initiated against us, it could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

OUR ABILITY TO CONDUCT BUSINESS WOULD BE NEGATIVELY IMPACTED IN THE EVENT OF AN INTERRUPTION IN INFORMATION TECHNOLOGY AND/OR DATA SECURITY AND/OR OUTSOURCING RELATIONSHIPS.

Our business relies on information systems to provide effective and efficient service to our customers, process claims, and timely and accurately report results to carriers. An interruption of our access to, or an inability to access, our information technology,

telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. If sustained or repeated, such a business interruption, system failure or service denial could result in a deterioration of our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions.

Computer viruses, hackers and other external hazards could expose our data systems to security breaches. These increased risks, and expanding regulatory requirements regarding data security, could expose us to data loss, monetary and reputational damages and significant increases in compliance costs.

We are taking steps to upgrade and expand our information systems capabilities. Maintaining, protecting and enhancing these capabilities to keep pace with evolving industry and regulatory standards, and changing customer preferences, requires an ongoing commitment of significant resources. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to maintain effectively our information systems and data integrity, we could experience operational disruptions, regulatory or other legal problems, increases in operating expenses, loss of existing customers, difficulty in attracting new customers, or suffer other adverse consequences.

Our technological development projects may not deliver the benefits we expect once they are completed, or may be replaced or become obsolete more quickly than expected, which could result in the accelerated recognition of expenses. If we do not effectively and efficiently manage and upgrade our technology portfolio, or if the costs of doing so are higher than we expect, our ability to provide competitive services to new and existing customers in a cost-effective manner and our ability to implement our strategic initiatives could be adversely impacted.

IMPROPER DISCLOSURE OF CONFIDENTIAL INFORMATION COULD NEGATIVELY IMPACT OUR BUSINESS.

We are responsible for maintaining the security and privacy of our customers' confidential and proprietary information and the personal data of their employees. We have put in place policies, procedures and technological safeguards designed to protect the security and privacy of this information, however, we cannot guarantee that this information will not be improperly disclosed or accessed. Disclosure of this information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenues.

Further, privacy laws and regulations are continuously changing and often are inconsistent among the states in which we operate. Our failure to adhere to or successfully implement procedures to respond to these requirements could result in legal liability or impairment to our reputation.

WE ARE SUBJECT TO LITIGATION WHICH, IF DETERMINED UNFAVORABLY TO US, COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION.

We are and may be subject to a number of claims, regulatory actions and other proceedings that arise in the ordinary course of business. We cannot, and likely will not be able to, predict the outcome of these claims, actions and proceedings with certainty.

An adverse outcome in connection with one or more of these matters could have a material adverse effect on our business, results of operations or financial condition in any given quarterly or annual period. In addition, regardless of monetary costs, these matters could have a material adverse effect on our reputation and cause harm to our carrier, customer or employee relationships, or divert personnel and management resources.

While we currently have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of our insurance may not be enough to cover the damages awarded. In addition, some types of damages, like punitive damages, may not be covered by insurance. Insurance coverage for all or some forms of liability may become unavailable or prohibitively expensive in the future.

OUR INABILITY TO RETAIN OR HIRE QUALIFIED EMPLOYEES, AS WELL AS THE LOSS OF ANY OF OUR EXECUTIVE OFFICERS, COULD NEGATIVELY IMPACT OUR ABILITY TO RETAIN EXISTING BUSINESS AND GENERATE NEW BUSINESS.

Our success depends on our ability to attract and retain skilled and experienced personnel. There is significant competition from within the insurance industry and from businesses outside the industry for exceptional employees, especially in key positions. If we are not able to successfully attract, retain and motivate our employees, our business, financial results and reputation could be materially and adversely affected.

Losing employees who manage or support substantial customer relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete customer engagements, which would adversely affect our results of operations. Also, if any of our key professionals were to join an existing competitor or form a competing company, some of our customers could choose to use the services of that competitor instead of our services. As previously disclosed, J. Powell Brown, our President and Chief Executive Officer, took a temporary leave of absence for health reasons effective January 29, 2012 and certain of

our former executive officers ceased employment with us during the past two years. While they are prohibited from soliciting our employees and customers, they are not prohibited from competing with us. On March 1, 2011, a press release was issued by a private equity firm announcing that it had entered into a partnership with two of our former executive officers (Jim W. Henderson, former Vice Chairman and Chief Operating Officer who retired from the Company in August 2010, and Thomas E. Riley, former Regional President and Chief Acquisitions Officer whose employment with the Company ceased in January 2011) to form a company that would focus on building a middle market insurance brokerage firm and that it planned to invest up to $250 million of equity capital to support the company's strategy through acquisitions and organic growth.

In addition, we could be adversely affected if we fail to adequately plan for the succession of our Senior Leaders and key executives. While we have succession plans in place and we have employment arrangements with certain key executives, these do not guarantee that the services of these executives will continue to be available to us. Although we operate with a decentralized management system, the loss of our senior managers or other key personnel, or our inability to identify, recruit and retain such personnel, could materially and adversely affect our business, operating results and financial condition.

CONSOLIDATION IN THE INDUSTRIES THAT WE SERVE COULD ADVERSELY AFFECT OUR BUSINESS.

Companies that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current customers merge or consolidate and combine their operations, it may decrease the overall amount of work that we perform for these customers. If one of our current customers merges or consolidates with a company that relies on another provider for its services, we may lose work from that customer or lose the opportunity to gain additional work. The increased market power of larger companies could also increase pricing and competitive pressures on us. Any of these possible results of industry consolidation could adversely affect our business.

HEALTHCARE REFORM AND INCREASED COSTS OF CURRENT EMPLOYEES' MEDICAL AND OTHER BENEFITS COULD HAVE A MATERIALLY ADVERSE AFFECT ON OUR BUSINESS.

Our profitability is affected by the cost of current employees' medical and other benefits. In recent years, we have experienced significant increases in these costs as a result of economic factors beyond our control. Although we have actively sought to contain increases in these costs, there can be no assurance we will succeed in limiting future cost increases, and continued upward pressure in these costs could reduce our profitability.

In addition, we believe that increased health care costs resulting from the 2010 health care reform bill could have a material adverse impact on our business, cash flows, financial condition or results of operations.

WE ARE SUBJECT TO RISKS ASSOCIATED WITH NATURAL DISASTERS AND GLOBAL EVENTS.

Our operations may be subject to natural disasters or other business disruptions, which could seriously harm our results of operation and increase our costs and expenses. We are susceptible to losses and interruptions caused by hurricanes (including in Florida, where our headquarters are located), earthquakes (including California, where we maintain a relatively large number of offices, including those acquired in the Arrowhead transaction), power shortages, telecommunications failures, water shortages, floods, fire, extreme weather conditions, geopolitical events such as terrorist acts and other natural or manmade disasters. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

CERTAIN OF OUR EXISTING STOCKHOLDERS HAVE SIGNIFICANT CONTROL OF THE COMPANY.

At December 31, 2011, our executive officers, directors and certain of their family members collectively beneficially owned approximately 18.7% of our outstanding common stock, of which J. Hyatt Brown, our Chairman, and his family members, which include his son Powell Brown, our President and Chief Executive Officer, beneficially owned approximately 16.9%. As a result, our executive officers, directors and certain of their family members have significant influence over (1) the election of our Board of Directors, (2) the approval or disapproval of any other matters requiring stockholder approval, and (3) our affairs and policies.

CHANGES IN LAWS AND REGULATIONS MAY INCREASE OUR COSTS.

The Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley") and the Dodd-Frank Act enacted in 2010 have required changes in some of our corporate governance, securities disclosure and compliance practices. In response to the requirements of these Acts, the SEC and the New York Stock Exchange have promulgated and will continue to promulgate new rules on a variety of subjects. Compliance with these new rules has increased our legal and financial and accounting costs. While these costs are no longer increasing, they may in fact increase in the future. These developments may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be forced to accept reduced coverage or incur substantially higher costs to obtain coverage. Likewise, these developments may make it more difficult for us to attract and retain qualified members of our Board of Directors or qualified executive officers.

From time to time new regulations are enacted, or existing requirements are changed, and it is difficult to anticipate how such regulations and changes will be implemented and enforced. We continue to evaluate the necessary steps for compliance with regulations as they are enacted. For example, as global warming issues become more prevalent, the U.S. and foreign governments are beginning to respond to these issues. This increasing governmental focus on global warming may result in new environmental regulations that may negatively affect us and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers incurring additional compliance costs that get passed on to us. These costs may adversely impact our operations and financial condition.

DUE TO INHERENT LIMITATIONS, THERE CAN BE NO ASSURANCE THAT OUR SYSTEM OF DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES WILL BE SUCCESSFUL IN PREVENTING ALL ERRORS OR FRAUD, OR IN INFORMING MANAGEMENT OF ALL MATERIAL INFORMATION IN A TIMELY MANNER.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system reflects that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur simply because of error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

IF WE RECEIVE OTHER THAN AN UNQUALIFIED OPINION ON THE ADEQUACY OF OUR INTERNAL CONTROL OVER FINANCIAL REPORTING AS OF DECEMBER 31, 2012 AND FUTURE YEAR-ENDS AS REQUIRED BY SECTION 404 OF SARBANES-OXLEY, INVESTORS COULD LOSE CONFIDENCE IN THE RELIABILITY OF OUR FINANCIAL STATEMENTS, WHICH COULD RESULT IN A DECREASE IN THE VALUE OF YOUR SHARES.

As directed by Section 404 of Sarbanes-Oxley, the SEC adopted rules requiring public companies to include an annual report on internal control over financial reporting on Form 10-K that contains an assessment by management of the effectiveness of our internal control over financial reporting. We continuously conduct a rigorous review of our internal control over financial reporting in order to assure compliance with the Section 404 requirements. However, if our independent auditors interpret the Section 404 requirements and the related rules and regulations differently than we do, or if our independent auditors are not satisfied with our internal control over financial reporting or with the level at which it is documented, operated or reviewed, they may issue a report other than an unqualified opinion. A report other than an unqualified opinion could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP. ANY CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS.

The consolidated and condensed Consolidated Financial Statements included in the periodic reports we file with the SEC are prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities and related reserves, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the amounts of assets, liabilities, revenues, expenses and income, and could have a material adverse effect on our financial position, results of operations and cash flows.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

We lease our executive offices, which are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, and 3101 West Martin Luther King Jr. Boulevard, Suite 400, Tampa, Florida 33607. We lease offices at each of our 230 locations, with the exception of Dansville and Jamestown, New York, where we own the buildings in which our offices are located. There are no

outstanding mortgages on our owned properties. Our operating leases expire on various dates. These leases generally contain renewal options and rent escalation clauses based on increases in the lessors' operating expenses and other charges. We expect that most leases will be renewed or replaced upon expiration. We believe that our facilities are suitable and adequate for present purposes, and that the productive capacity in such facilities is substantially being utilized. From time to time, we may have unused space and seek to sublet such space to third parties, depending on the demand for office space in the locations involved. In the future, we may need to purchase, build or lease additional facilities to meet the requirements projected in our long-term business plan. See Note 13 to the Consolidated Financial Statements for additional information on our lease commitments.

ITEM 3. LegalProceedings.

See Note 13 to the Consolidated Financial Statements for information regarding our legal proceedings.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BRO." The table below sets forth, for the quarterly periods indicated, the intra-day high and low sales prices for our common stock as reported on the NYSE Composite Tape, and the cash dividends declared on our common stock.

	High	Low	Cash Dividends Per Common Share
2010			
First Quarter	$18.10	$16.32	$0.0775
Second Quarter	$20.45	$17.65(1)	$0.0775
Third Quarter	$20.53	$18.85	$0.0775
Fourth Quarter	$24.39	$19.88	$ 0.08
2011			
First Quarter	$26.60	$23.56	$ 0.08
Second Quarter	$27.07	$24.84	$ 0.08
Third Quarter	$26.10	$17.19	$ 0.08
Fourth Quarter	$23.31	$16.77	$ 0.085

(1) Excluding the official closing stock price of $8.04 on May 6, 2010, the date of the NYSE "Flash Crash."

On February 22, 2012, there were 143,352,216 shares of our common stock outstanding, held by approximately 1,270 shareholders of record.

We intend to continue to pay quarterly dividends, subject to continued capital availability and determination by our Board of Directors that cash dividends continue to be in the best interests of our stockholders. Our dividend policy may be affected by, among other items, our views on potential future capital requirements, including those relating to the creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs and challenges to our business model.

On October 19, 2011, our Board of Directors approved a common stock repurchase plan to authorize the repurchase of up to $100.0 million worth of shares of the Company's common stock during the subsequent twelve months. We did not repurchase any shares of our common stock under the repurchase plan during the fourth quarter of 2011. We are under no commitment or obligation to repurchase any particular amount of our common stock under the plan, and we may suspend the repurchase plan at any time at our discretion.

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Equity Compensation Plan Information

The following table sets forth information as of December 31, 2011, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1)	Weighted-average exercise price of outstanding options, warrants and rights (b)(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)(3)
Equity compensation plans approved by shareholders:			
Brown & Brown, Inc. 2000 Incentive Stock Option Plan	1,384,537	$ 17.58	—
Brown & Brown, Inc. 2010 Stock Incentive Plan	N/A	N/A	4,718,044
Brown & Brown, Inc. 1990 Employee Stock Purchase Plan	N/A	N/A	2,297,258
Brown & Brown, Inc. Performance Stock Plan	N/A	N/A	—
Total	1,384,537	$ 17.58	7,015,302
Equity compensation plans not approved by shareholders	—	—	—

(1) In addition to the number of securities listed in this column, 3,382,677 shares are issuable upon the vesting of restricted stock granted under the Brown & Brown, Inc. Stock Performance Plan and the Brown & Brown, Inc. 2010 Stock Incentive Plan, which represents the maximum number of shares that can vest based on the achievement of certain performance criteria.

(2) The weighted-average exercise price excludes outstanding restricted stock as there is no exercise price associated with these equity awards.

(3) All of the shares available for future issuance under the Brown & Brown, Inc. 2000 Incentive Stock Option Plan, the Brown & Brown, Inc. Stock Performance Plan, and the Brown & Brown, Inc. 2010 Stock Incentive Plan may be issued in connection with options, warrants, rights, restricted stock, or other stock-based awards.

Sales of Unregistered Securities

We did not sell any unregistered securities during 2011.

Issuer Purchases of Equity Securities

The following table presents information with respect to our purchases of our common stock during the three months ended December 31, 2011.

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2011 to October 31, 2011	4,204	$ 21.35	—	$ —
November 1, 2011 to November 30, 2011	505	$ 21.46	—	$ —
December 1, 2011 to December 31, 2011	17,734	$ 21.82	—	$ —
Total	22,443	$ 21.73	—	$ —

(1) All of the shares reported above as purchased are attributable to shares withheld for employees' payroll taxes and withholding taxes pertaining to the vesting of restricted shares awarded under our Performance Stock Plan.

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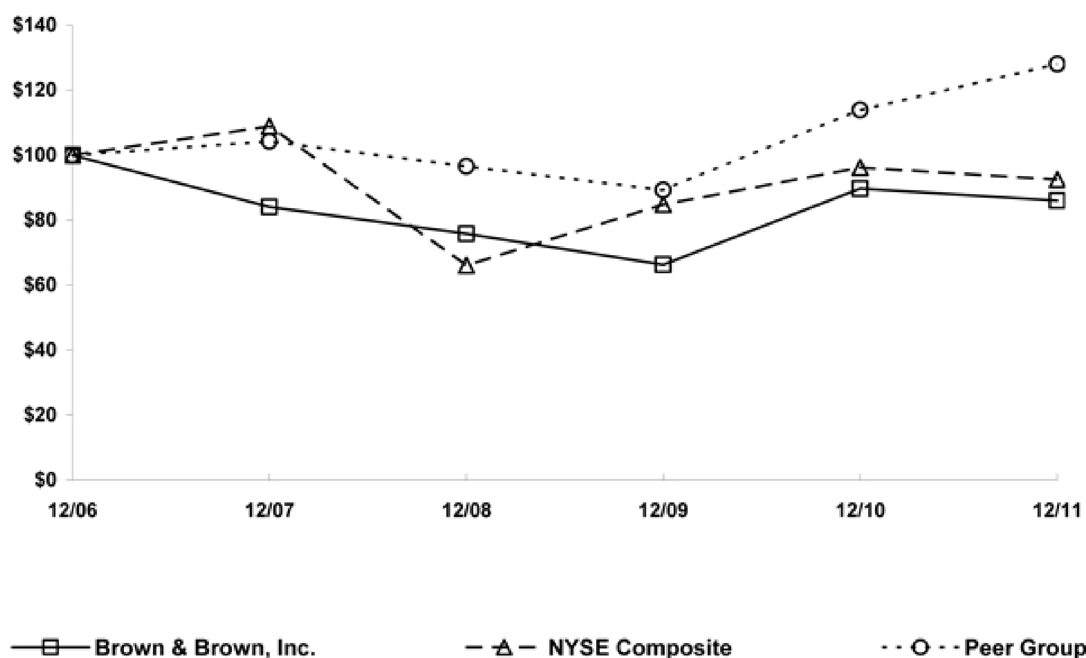
PERFORMANCE GRAPH

The following graph is a comparison of five-year cumulative total stockholder returns for our common stock as compared with the cumulative total stockholder return for the NYSE Composite Index, and a group of peer insurance broker and agency companies (Aon Corporation, Arthur J. Gallagher & Co, Marsh & McLennan Companies, Inc., and Willis Group Holdings, Ltd.). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2006 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2006, with all dividends reinvested.



*$100 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

COMPANY/INDEX/MARKET	FISCAL YEAR ENDING					
	12/31/2006	12/30/2007	12/29/2008	12/31/2009	12/31/2010	12/31/2011
Brown & Brown, Inc.	$ 100.00	$ 84.10	$ 75.86	$ 66.27	$ 89.68	$ 86.01
NYSE Composite Index	$ 100.00	$ 108.87	$ 66.13	$ 84.83	$ 96.19	$ 92.50
Peer Group	$ 100.00	$ 104.28	$ 96.54	$ 89.25	$ 113.89	$ 128.05

We caution that the stock price performance shown in the graph should not be considered indicative of potential future stock price performance.

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ITEM 6. Selected Financial Data.

The following selected Consolidated Financial Data for each of the five fiscal years in the period ended December 31, 2011 have been derived from our Consolidated Financial Statements. Such data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of Part II of this Annual Report and with our Consolidated Financial Statements and related Notes thereto in Item 8 of Part II of this Annual Report.

(in thousands, except per share data, number of employees and percentages	Year Ended December 31				
	2011	2010	2009	2008	2007
REVENUES					
Commissions and fees	$1,005,962	$ 966,917	$ 964,863	$ 965,983	$ 914,650
Investment income	1,267	1,326	1,161	6,079	30,494[1]
Other income, net	6,313	5,249	1,853	5,492	14,523
Total revenues	1,013,542	973,492	967,877	977,554	959,667
EXPENSES					
Employee compensation and benefits	508,675	487,820	484,680	485,783	444,101
Non-cash stock-based compensation	11,194	6,845	7,358	7,314	5,667
Other operating expenses	144,079	135,851	143,389	137,352	131,371
Amortization	54,755	51,442	49,857	46,631	40,436
Depreciation	12,392	12,639	13,240	13,286	12,763
Interest	14,132	14,471	14,599	14,690	13,802
Change in estimated acquisition earn-out payables	(2,206)	(1,674)	—	—	—
Total expenses	743,021	707,394	713,123	705,056	648,140
Income before income taxes	270,521	266,098	254,754	272,498	311,527
Income taxes	106,526	104,346	101,460	106,374	120,568
Net income	$ 163,995	$ 161,752	$ 153,294	$ 166,124	$ 190,959
EARNINGS PER SHARE INFORMATION					
Net income per share — diluted	$ 1.13	$ 1.12	$ 1.08	$ 1.17	$ 1.35
Weighted average number of shares outstanding — diluted	140,264	139,318	137,507	136,884	136,357
Dividends declared per share	$ 0.3250	$ 0.3125	$ 0.3025	$ 0.2850	$ 0.2500
YEAR-END FINANCIAL POSITION					
Total assets	$2,607,011	$2,400,814	$2,224,226	$2,119,580	$1,960,659
Long-term debt	$ 250,033	$ 250,067	$ 250,209	$ 253,616	$ 227,707
Total shareholders' equity [2]	$1,643,963	$1,506,344	$1,369,874	$1,241,741	$1,097,458
Total shares outstanding at year-end	143,352	142,795	142,076	141,544	140,673
OTHER INFORMATION					
Number of full-time equivalent employees at year-end	5,557	5,286	5,206	5,398	5,047
Total revenues per average number of employees [3]	$ 186,949	$ 185,568	$ 182,549	$ 187,181	$ 196,251
Stock price at year-end	$ 22.63	$ 23.94	$ 17.97	$ 20.90	$ 23.50
Stock price earnings multiple at year-end [4]	20.03	21.38	16.64	17.86	17.41
Return on beginning shareholders' equity [5]	11%	12%	12%	15%	21%

(1) Includes an $18,664 gain on the sale of our investment in Rock-Tenn Company.

(2) Shareholders' equity as of December 31, 2011, 2010, 2009, 2008, and 2007 included $7, $7, $5, $13, and $13, respectively, as a result of the Company's accounting for certain equity securities and interest rate swap agreement.

(3) Represents total revenues divided by the average of the number of full-time equivalent employees at the beginning of the year and the number of full-time equivalent employees at the end of the year.

(4) Represents net income divided by total shareholders' equity as of the beginning of the year.

(5) Stock price at year-end divided by net income per share-diluted.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related Notes to those Consolidated Financial Statements included elsewhere in this Annual Report.

We are a diversified insurance agency, wholesale brokerage, insurance programs and services organization headquartered in Daytona Beach and Tampa, Florida. As an insurance intermediary, our principal sources of revenues are commissions paid by insurance companies and, to a lesser extent, fees paid directly by customers. Commission revenues generally represent a percentage of the premium paid by an insured and are materially affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including reinsurance rates paid by such insurance companies, none of which we control.

The volume of business from new and existing customers, fluctuations in insurable exposure units and changes in general economic and competitive conditions all affect our revenues. For example, level rates of inflation or a continuing general decline in economic activity could limit increases in the values of insurable exposure units. Conversely, the increasing costs of litigation settlements and awards have caused some customers to seek higher levels of insurance coverage. Historically, our revenues have typically grown as a result of an intense focus on net new business growth and acquisitions.

We foster a strong, decentralized sales culture with a goal of consistent, sustained growth over the long term. As of January 2012, our senior leadership group included eight executive officers with regional responsibility for oversight of designated operations within the Company and four regional vice presidents in our Retail Division that report directly to one of our executive officers. In February 2011, Anthony M. Grippa, Thomas Keith Huval and Richard A. Knudson, Jr. were promoted to be Regional Vice Presidents. In April 2011, Nick Dereszynski was also promoted to be a Regional Vice President. Additionally, in January, 2012, Anthony Strianese was promoted to be a Regional President, and Chris L. Walker was promoted to be a Regional Executive Vice President.

We increased revenues every year from 1993 to 2008. In 2009, our revenues dropped to $967.9 million, then increased 0.6% to $973.5 million and 4.1% to $1.014 billion in 2010 and 2011, respectively. Our revenues grew from $95.6 million in 1993 to $1.014 billion in 2011, reflecting a compound annual growth rate of 14.0%. In the same period, we increased net income from $8.0 million to $164.0 million in 2011, a compound annual growth rate of 18.3%.

The past five years have posed significant challenges for us and for our industry in the form of a prevailing decline in insurance premium rates, commonly referred to as a "soft market;" increased significant governmental involvement in the Florida insurance marketplace since 2007, resulting in a substantial loss of revenues for us; and, beginning in the second half of 2008 and throughout 2011, increased pressure on the values of insurable exposure units as the consequence of the general weakening of the economy in the United States.

From the first quarter of 2007 through the fourth quarter of 2011 we experienced negative internal revenue growth each quarter. This was due primarily to the "soft market," and, beginning in the second half of 2008 and throughout 2011, the decline in insurable exposure units, which further reduced our commissions and fees revenue. Part of the decline in 2007 was the result of the increased governmental involvement in the Florida insurance marketplace, as described below in "The Florida Insurance Overview." One industry segment that was hit especially hard during these years was the home-building industry in southern California and, to a lesser extent in Nevada, Arizona and Florida. We had a wholesale brokerage operation that focused on placing property and casualty insurance products for that home-building segment. The revenues from this operation were significantly adversely impacted during 2007 through 2009 by these national economic trends, and by 2010 these revenues were insignificant.

While insurance premium rates continued to decline for most lines of coverage during 2011, the rate of decline slowed, and in some cases increased for certain lines of coverages such as coastal property. For the first time in the last five years, we are observing some upward pressure on general insurance premium rates. For 2012, we believe that there may be a modest and gradual increase in many insurance premium rates.

In 2010 and 2011, continued declining exposure units had a greater negative impact on our commissions and fees revenues than declining insurance premium rates. Although we do not anticipate any significant increases in exposure units during 2012, we believe that the 2012 decline will be less than recent years and this lack of decline may enable us to begin to experience positive internal growth of our commissions and fees revenue at some point in 2012. Even though our negative internal growth of our commissions and fees revenue improved over each sequential quarter for the third and fourth quarters of 2011, we do not believe that trend will necessarily continue in the first half of 2012 due to persisting inconsistencies in the insurance premium rate environment.

We also earn "profit-sharing contingent commissions," which are profit-sharing commissions based primarily on underwriting results, but may also reflect considerations for volume, growth and/or retention. These commissions are primarily received in the first and second quarters of each year, based on the aforementioned considerations for the prior year(s). Over the last three years, profit-sharing contingent commissions have averaged approximately 5.0% of the previous year's total commissions and fees revenue. Profit-sharing contingent commissions are typically included in our total commissions and fees in the Consolidated Statements of Income in the year received. The term "core commissions and fees" excludes profit-sharing contingent commissions and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term "core organic commissions and fees" is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by a newly acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). Core organic commissions and fees attempts to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes from (i) net new and lost accounts, (ii) net changes in our clients' exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees can reflect either "positive" growth with a net increase in revenues, or "negative" with a net decrease in revenues.

In recent years, five national insurance companies have replaced the loss-ratio based profit-sharing contingent commission calculation with a guaranteed fixed-base methodology, referred to as "Guaranteed Supplemental Commissions" ("GSCs"). Since these GSCs are not subject to the uncertainty of loss ratios, they are accrued throughout the year based on actual premiums written. As of December 31, 2011, we accrued and earned $12.1 million from GSCs during 2011, most of which will be collected in the first quarter of 2012. For the twelve-month periods ended December 31, 2010 and 2009, we earned $13.4 million and $15.9 million, respectively, from GSCs.

Fee revenues relate to fees negotiated in lieu of commissions, which are recognized as services are rendered. Fee revenues are generated primarily by: (1) our Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, and Social Security disability and Medicare benefits advocacy services, and (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuance of insurance policies on behalf of insurance companies. These services are provided over a period of time, typically one year. Fee revenues, as a percentage of our total commissions and fees, represented 16.4% in 2011, 14.6% in 2010 and 13.3% in 2009.

Historically, investment income has consisted primarily of interest earnings on premiums and advance premiums collected and held in a fiduciary capacity before being remitted to insurance companies. Our policy is to invest available funds in high-quality, short-term fixed income investment securities. As a result of the bank liquidity and solvency issues in the United States in the last quarter of 2008, we moved substantial amounts of our cash into non-interest bearing checking accounts so that they would be fully insured by the Federal Depository Insurance Corporation ("FDIC") or into money-market investment funds (a portion of which is FDIC insured) of SunTrust and Wells Fargo, two large national banks. Investment income also includes gains and losses realized from the sale of investments.

Florida Insurance Overview

Many states have established "Residual Markets," which are governmental or quasi-governmental insurance facilities that provide coverage to individuals and/or businesses that cannot buy insurance in the private marketplace, i.e., "insurers of last resort." These facilities can be designed to cover any type of risk or exposure; however, the exposures most commonly subject to such facilities are automobile or high-risk property exposures. Residual Markets can also be referred to as FAIR Plans, Windstorm Pools, Joint Underwriting Associations, or may even be given names styled after the private sector like "Citizens Property Insurance Corporation" in Florida.

In August 2002, the Florida Legislature created "Citizens Property Insurance Corporation" ("Citizens"), to be the "insurer of last resort" in Florida. Initially, Citizens charged insurance rates that were higher than those generally prevailing in the private insurance marketplace. In each of 2004 and 2005, four major hurricanes made landfall in Florida. As a result of the ensuing significant insurance property losses, Florida property insurance rates increased in 2006. To counter the higher property insurance rates, the State of Florida instructed Citizens to significantly reduce its property insurance rates beginning in January 2007. By state law, Citizens guaranteed these rates through January 1, 2010. As a result, Citizens became one of the most, if not the most, competitive risk-bearers for a large percentage of Florida's commercial habitational coastal property exposures, such as condominiums, apartments, and certain assisted living facilities. Additionally, Citizens became the only insurance market for certain homeowner policies throughout Florida. Today, Citizens is one of the largest underwriters of coastal property exposures in Florida.

In 2007, Citizens became the principal direct competitor of the insurance companies that underwrite the condominium program administered by one of our indirect subsidiaries, Florida Intracoastal Underwriters, Limited Company ("FIU"), and the excess and surplus lines insurers represented by wholesale brokers such as Hull & Company, Inc., another of our subsidiaries. Consequently, these operations lost significant amounts of revenues to Citizens. From 2008 through 2011, Citizens' impact was not as dramatic as it had been in 2007; FIU's core commissions and fees decreased 16.8% during this 2008 to 2011 period. Citizens continued to be competitive against the excess and surplus lines insurers, and therefore Citizens negatively affected the revenues of our Florida-based wholesale brokerage operations, such as Hull & Company, Inc., from 2007 through 2011, although the impact has been decreasing each year.

Citizens' impact on our Florida Retail Division was less severe than on our National Programs and Wholesale Brokerage Divisions because our retail offices have the ability to place business with Citizens, although at slightly lower commission rates and with greater difficulty than is the case with other insurance companies.

Effective January 1, 2010, Citizens raised its insurance rates, on average, 10% for properties with values of less than $10 million, and more than 10% for properties with values in excess of $10 million. Citizens raised its insurance rates again in 2011 and is expected to continue to increase its insurance rates in 2012. Our commission revenues from Citizens for 2011, 2010 and 2009 were approximately $7.8 million, $8.3 million, and $8.7 million, respectively. If, as expected, Citizens continues to attempt to reduce its insured exposures, the financial impact of Citizens on our business should continue to be reduced in 2012.

Current Year Company Overview

For the fifth consecutive year, we experienced negative internal growth of our commissions and fees revenue as a direct result of the general weakness of the economy since the second half of 2008 and the continuing "soft market." Our core organic commissions and fees revenue which excludes the effect of recent acquisitions, profit-sharing contingencies and sales of books of business over the last twelve months, reflects a negative internal growth rate of (2.6)%, or $23.3 million of net lost revenues. The net lost revenues of $23.3 million is a significant improvement from the comparable net lost revenues of $42.7 million and $46.5 million in 2010 and 2009, respectively. This improvement is principally attributable to the slowing of the rates of decline in both exposure units and insurance premium rates.

Even though we continue to experience negative growth in our core organic commissions and fees, we have succeeded in acquiring insurance operations that we believe are incrementally higher quality in each of the last three years. We completed 38 acquisitions in 2011, which represents an increase over the 33 and 11 acquisitions made in 2010 and 2009, respectively. The estimated annualized revenues from the 2011 acquisitions were $88.7 million, which is up from the $70.6 million and $26.5 million that we acquired in 2010 and 2009, respectively. In fact, total revenues in 2011 increased 4.1% over 2010 due to the revenues from new acquisitions and the increase in other income. The trend of increased acquisitions over the last three years continues into 2012 with our acquisition of Arrowhead, which is a national insurance program manager and one of the largest managing general agents ("MGA") in the property and casualty insurance industry with estimated 2011 revenues of approximately $107.5 million.

Income before income taxes in 2011 increased over 2010 by 1.7%, or $4.4 million, to $270.5 million. However, that net increase of $4.4 million includes $14.4 million of income before income taxes related to new acquisitions that were stand-alone offices, and therefore, income before income taxes from those offices that existed in same time periods of 2011 and 2010 (including the new acquisitions that "folded in" to those offices) decreased by only $9.9 million. This net decrease of $9.9 million reflects $16.8 million of reduced total revenues but offset by $6.9 million of continued cost savings and broad-based operational efficiencies. Additionally, $4.2 million of the net $9.9 million decrease in income before income taxes from those offices that existed in same periods of 2011 and 2010, was due to the increased non-cash stock-based compensation which related to new grants under our Stock Incentive Plan ("SIP") that will vest in six to ten years, subject to grantees achievement of certain performance criteria, and the achievement of consolidated EPS growth at certain levels by us, over a five-year measurement period ending December 31, 2015.

Acquisitions

Approximately 37,500 independent insurance agencies are estimated to be operating currently in the United States. Part of our continuing business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through 2011, we acquired 420 insurance intermediary operations, excluding acquired books of business (customer accounts). Acquisition activity slowed in 2009 in part because potential sellers were unhappy with reduced agency valuations that were the consequence of lower revenues and operating profits due to the continuing "soft market" and decreasing exposure units, and therefore opted to defer the sales of their insurance agencies. The economic outlook in 2011 and 2010 improved slightly over 2009 and as a result, certain sellers viewed 2011 and 2010 as a better time in which to join our organization, and consequently, we were able to close a greater number of acquisitions.

A summary of our acquisitions over the last three years is as follows (in millions, except for number of acquisitions):

	Number of Acquisitions		Estimated Annual Revenues	Net Cash Paid	Notes Issued	Liabilities Assumed	Recorded Earn-out Payable	Aggregate Purchase Price
	Asset	Stock						
2011	37	1	$ 88.7	$ 167.4	$ 1.2	$ 15.7	$ 30.5	$ 214.8
2010	33	—	$ 70.6	$ 158.6	$ 0.8	$ 2.3	$ 25.1	$ 186.8
2009	11	—	$ 26.5	$ 40.4	$ 6.9	$ 1.8	$ 7.2	$ 56.3

On January 9, 2012, we completed the acquisition of Arrowhead pursuant to a merger agreement dated December 15, 2011 (the "Merger Agreement"). Under the Merger Agreement, the total cash purchase price of $395.0 million is subject to adjustments for options to purchase shares of Arrowhead's common stock, working capital, sharing of net operating tax losses, Arrowhead's preferred stock units, transaction expenses, and closing debt. In addition, within 60 days following the third anniversary of the acquisition's closing date, we will pay to certain persons who were Arrowhead equityholders as of the closing date additional earn-out payments equal, collectively, to $5.0 million, subject to certain adjustments based on the "cumulative EBITDA" of Arrowhead and all of its subsidiaries, as calculated under the Merger Agreement, during the final year of the three-year period following the acquisition's closing date.

Arrowhead is a national insurance program manager and one of the largest managing general agents ("MGAs") in the property and casualty insurance industry.

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate our estimates, which are based on historical experience and on assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of our assets and liabilities, which values are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that, of our significant accounting policies (see "Note 1—Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements), the following critical accounting policies may involve a higher degree of judgment and complexity.

Revenue Recognition

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. At that date, the earnings process has been completed, and we can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. Management determines the policy cancellation reserve based upon historical cancellation experience adjusted in accordance with known circumstances. Subsequent commission adjustments are recognized upon our receipt of notification concerning matters necessitating such adjustments from insurance companies. Profit-sharing contingent commissions are recognized when determinable, which is when such commissions are received from insurance companies, or when we receive formal notification of the amount of such payments. Fee revenues are recognized as services are rendered.

Business Combinations and Purchase Price Allocations

We have acquired significant intangible assets through business acquisitions. These assets consist of purchased customer accounts, non-compete agreements, and the excess of purchase prices over the fair value of identifiable net assets acquired (Goodwill). The determination of estimated useful lives and the allocation of purchase price to intangible assets requires significant judgment and affects the amount of future amortization and possible impairment charges.

All of our business combinations initiated after June 30, 2001 have been accounted for using the purchase method. In connection with these acquisitions, we record the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer accounts and non-compete agreements. Purchased customer accounts include the physical records and files obtained from acquired businesses that contain information about insurance policies, customers and other matters essential to policy renewals. However, they primarily represent the present value of the underlying cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising those purchased customer accounts. The valuation of purchased customer accounts involves significant estimates and assumptions concerning matters such as cancellation frequency, expenses and discount rates. Any change in these assumptions could affect the carrying value of purchased customer accounts. Non-compete agreements are valued based on their duration and any unique features of particular agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible assets is assigned to goodwill and is not amortized.

Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one- to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 includes an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations are recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These estimates are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Intangible Assets Impairment

Goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the asset. To determine if there is potential impairment of goodwill, we compare the fair value of each reporting unit with its carrying value. If the fair value of the reporting unit is less than its carrying value, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation and amortization ("EBITDA").

Management assesses the recoverability of our goodwill on an annual basis, and assesses the recoverability of our amortizable intangibles and other long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The following factors, if present, may trigger an impairment review: (i) significant underperformance relative to historical or projected future operating results; (ii) significant negative industry or economic trends; (iii) significant decline in our stock price for a sustained period; and (iv) significant decline in our market capitalization. If the recoverability of these assets is unlikely because of the existence of one or more of the above-referenced factors, an impairment analysis is performed. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these assets. If these estimates or related assumptions change in the future, we may be required to revise the assessment and, if appropriate, record an impairment charge. We completed our most recent evaluation of impairment for goodwill as of November 30, 2011 and determined that the fair value of goodwill and amortizable intangible assets substantially exceeds the carrying value of such assets.

Non-Cash Stock-Based Compensation

We grant stock options and non-vested stock awards to our employees, and the related compensation expense is required to be recognized in the financial statements based upon the grant-date fair value of those awards.

Litigation Claims

We are subject to numerous litigation claims that arise in the ordinary course of business. If it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss is estimable, an accrual for the costs to resolve these claims is recorded in accrued expenses in the accompanying Consolidated Balance Sheets. Professional fees related to these claims are included in other operating expenses in the accompanying Consolidated Statements of Income. Management, with the assistance of in-house and outside counsel, determines whether it is probable that a liability has been incurred and estimates the amount of loss based upon analysis of individual issues. New developments or changes in settlement strategy in dealing with these matters may significantly affect the required reserves and affect our net income.

New Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for a discussion of the effects of the adoption of new accounting standards.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

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.

Financial information relating to our Consolidated Financial Results is as follows (in thousands, except percentages):

	2011	Percent Change	2010	Percent Change	2009
REVENUES					
Core commissions and fees	$ 962,764	5.5%	$ 912,185	(0.5)%	$ 917,226
Profit-sharing contingent commissions	43,198	(21.1)%	54,732	14.9%	47,637
Investment income	1,267	(4.4)%	1,326	14.2%	1,161
Other income, net	6,313	20.3%	5,249	183.3%	1,853
Total revenues	1,013,542	4.1%	973,492	0.6%	967,877
EXPENSES					
Employee compensation and benefits	508,675	4.3%	487,820	0.6%	484,680
Non-cash stock-based compensation	11,194	63.5%	6,845	(7.0)%	7,358
Other operating expenses	144,079	6.1%	135,851	(5.3)%	143,389
Amortization	54,755	6.4%	51,442	3.2%	49,857
Depreciation	12,392	(2.0)%	12,639	(4.5)%	13,240
Interest	14,132	(2.3)%	14,471	(0.9)%	14,599
Change in estimated acquisition earn-out payables	(2,206)	31.8%	(1,674)	— %	—
Total expenses	743,021	5.0%	707,394	(0.8)%	713,123
Income before income taxes	$ 270,521	1.7%	$ 266,098	4.5%	$ 254,754
Net internal growth rate — core commissions and fees	(2.6)%		(4.7)%		(5.1)%
Employee compensation and benefits ratio	50.2%		50.1%		50.1%
Other operating expenses ratio	14.2%		14.0%		14.8%
Capital expenditures	$ 13,608		$ 10,454		$ 11,310
Total assets at December 31	$2,607,011		$2,400,814		$2,224,226

Commissions and Fees

Commissions and fees revenue, including profit-sharing contingent commissions, increased 4.0% in 2011 and 0.2% in 2010, but decreased 0.1% in 2009. Profit-sharing contingent commissions decreased $11.5 million to $43.2 million in 2011, with the decrease primarily due to reductions in amounts paid to offices in our National Programs and Wholesale Brokerage Divisions. Core organic commissions and fees revenue decreased 2.6% in 2011, 4.7% in 2010, and 5.1% in 2009. The 2011 decrease of 2.6% represents $23.3 million of net lost core commissions and fees revenue, of which $23.0 million was attributable to our Retail Division. The remaining $0.3 million of net lost core commissions and fees revenue related to $2.7 million reduction in our National Programs Division, which was partially offset by $1.9 million growth in our Wholesale Brokerage Division and $0.6 million growth in our Services Division. The declines in profit-sharing contingent commissions and core organic commissions and fees during 2011 were more than offset by the addition of $78.2 million of core commission and fee revenues from acquired operations.

In 2010, commissions and fees revenue, including profit-sharing contingent commissions, increased 0.2%, or $2.1 million over 2009. Profit-sharing contingent commissions increased $7.1 million to $54.7 million in 2010, with the increase primarily due to the performance of our National Programs Division. The 2010 decrease of 4.7% in core organic commissions and fees revenue represents $42.7 million of net lost core commissions and fees revenue, of which $7.6 million was attributable to retail, wholesale brokerage and services operations based in Florida, while $21.8 million related to non-Florida retail, wholesale brokerage and services operations. The remaining $13.3 million of net lost core commissions and fees revenue related to our National Programs Division, of which $10.7 million represented net lost business at Proctor Financial, Inc., our subsidiary which provides lender-placed insurance (“Proctor”). The declines in core organic commissions and fees during 2010 were nearly offset by the addition of $39.2 million of core commission and fee revenues from acquired operations.

Investment Income

Investment income of $1.3 million in 2011 was effectively flat as compared with 2010. Even though the average daily invested balance in 2011 was higher than 2010, the lower income yields negated any income growth. Investment income increased slightly to $1.3 million in 2010, compared with $1.2 million in 2009, mainly due to a higher average daily invested balance in 2010 than in 2009.

Other Income, Net

Other income for 2011 reflected income of $6.3 million, compared with $5.2 million in 2010 and $1.9 million in 2009. We recognized gains of $2.3 million, $1.2 million and $0.2 million from sales of books of business (customer accounts) in 2011, 2010, and 2009, respectively. Although we are not in the business of selling books of business, we periodically will sell an office or a book of business because it does not produce reasonable margins or demonstrate a potential for growth, or for other reasons related to the particular assets in question. Other income also included $1.3 million, $2.3 million and $0.3 million in 2011, 2010, and 2009, respectively, paid to us in connection with settlements of litigation against former employees for violation of restrictive covenants contained in their employment agreements with us. Additionally, we recognized non-recurring gains, settlements and sales of software services of $2.3 million, $0.9 million and $0.5 million in 2011, 2010, and 2009, respectively.

Employee Compensation and Benefits

Employee compensation and benefits expense increased, on a net basis, approximately 4.3% or $20.9 million in 2011. However, that net increase included $27.8 million of new compensation costs related to new acquisitions that were stand-alone offices, and therefore, employee compensation and benefits from those offices that existed in the same time periods of 2011 and 2010 (including the new acquisitions that “folded in” to those offices) decreased by $6.9 million. The employee compensation and benefit reductions from these offices were primarily related to reductions in staff and management salaries of $6.8 million and commissions paid to producers of $2.8 million; the aggregate of which was partially off-set by an increase in bonuses of $2.7 million.

Employee compensation and benefits expense increased, on a net basis, approximately 0.6% or $3.1 million in 2010. However, that net increase included $10.6 million of new compensation costs related to new acquisitions that were stand-alone offices, and therefore, employee compensation and benefits from those offices that existed in same time periods of 2010 and 2009 (including the new acquisitions that “folded in” to those offices) decreased by $7.4 million. The employee compensation and benefit reductions from these offices were primarily related to reductions in staff and management salaries and bonuses of $12.6 million, off-set by an increase in compensation of new producers of $3.2 million for new salaried producers and $0.8 million for new commissioned producers, and an increase of $1.1 million in group health insurance costs.

Employee compensation and benefits expense as a percentage of total revenues increased slightly in 2011 to 50.2% as compared to 50.1% for both 2010 and 2009. We had 5,557 full-time equivalent employees at December 31, 2011, compared with 5,286 at December 31, 2010 and 5,206 at December 31, 2009. Of the net increase of 271 full-time equivalent employees at December 31, 2011 over the prior year-end, an increase of 443 was attributable to acquisitions, thus reflecting a net reduction of 172 employees in the offices existing at both year-ends.

Non-Cash Stock-Based Compensation

We have an employee stock purchase plan, and grant stock options and non-vested stock awards to our employees. Compensation expense for all share-based awards is recognized in the financial statements based upon the grant-date fair value of those awards. For 2011, 2010 and 2009, the non-cash stock-based compensation expense incorporates the costs related to each of our four stock-based plans as explained in Note 11 of the Notes to the Consolidated Financial Statements.

Non-cash stock-based compensation increased 63.5% or $4.3 million in 2011 as a result of new grants under our Stock Incentive Plan (“SIP”) that will vest in six to ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated EPS growth at certain levels by us, over a five-year measurement period ending December 31, 2015.

Non-cash stock-based compensation decreased 7.0% or $0.5 million in 2010 as compared to 2009, as a result of headcount reductions.

Other Operating Expenses

As a percentage of total revenues, other operating expenses represented 14.2% in 2011, 14.0% in 2010, and 14.8% in 2009. Other operating expenses in 2011 increased $8.2 million from 2010, of which $10.0 million was related to acquisitions that joined as stand-alone offices. Therefore, other operating expenses attributable to offices that existed in the same periods in both 2011 and 2010 (including the new acquisitions that “folded in” to those offices) decreased by $1.8 million. Of the $1.8 million decrease, $2.4 million related to reductions in office rents and related expenses, and $1.9 million related to lower insurance costs. These cost savings were partially offset by a $2.6 million increase in legal costs primarily related to the enforcement of restrictive covenants contained in our employment agreements with former employees.

Other operating expenses in 2010 decreased $7.5 million from 2009, of which $2.4 million was related to acquisitions that joined as stand-alone offices. Therefore, other operating expenses from those offices that existed in the same periods in both 2010 and 2009 (including the new acquisitions that “folded in” to those offices) decreased by $9.9 million. Of the $9.9 million decrease, $3.2 million related to reduced net legal fees, $2.5 million related to reductions in office rent expense, and the remaining $4.2 million related to broad-based reductions in to travel and entertainment expenses, bad debt expenses, supplies, and postage and delivery expenses. Of the $3.2 million reduction in net legal fees, $3.8 million related to a reimbursement by an insurance carrier of previously incurred legal costs.

Amortization

Amortization expense increased $3.3 million, or 6.4%, in 2011, and $1.6 million, or 3.2%, in 2010. The increases in 2011 and 2010 were due to the amortization of additional intangible assets as a result of acquisitions completed in those years.

Depreciation

Depreciation decreased 2.0% in 2011, and 4.5% in 2010. The decreases in 2011 and 2010 were due primarily to certain fixed assets reaching their fully depreciated levels in those years.

Interest Expense

Interest expense decreased $0.3 million, or 2.3%, in 2011, and $0.1 million, or 0.9%, in 2010 primarily as a result of principal reductions during those years.

Change in estimated acquisition earn-out payables

Accounting Standards Codification ("ASC") Topic 805—Business Combinations is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations are required to be recorded in the consolidated statement of income when incurred. Estimations of potential earn-out obligations are typically based upon future earnings of the acquired entities, usually for periods ranging from one to three years.

The net charge or credit to the Condensed Consolidated Statement of Income for the period is the combination of the net change in the estimated acquisition earn-out payables balance, and the interest expense imputed on the outstanding balance of the estimated acquisition earn-out payables.

As of December 31, 2011, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2011, 2010, and 2009 were as follows (in thousands):

	2011	2010	2009
Change in fair value on estimated acquisition earn-out payables	$ (4,043)	$ (2,606)	$ —
Interest expense accretion	1,837	932	—
Net change in earnings from estimated acquisition earn-out payables	$ (2,206)	$ (1,674)	$ —

The fair values of the estimated acquisition earn-out payables were reduced in 2011 and 2010 since certain acquisitions did not perform at the level that we had estimated based on our original projections. An acquisition is considered to be performing well if its operating profit exceeds the level needed to reach the minimum purchase price. However, a reduction in the estimated acquisition earn-out payable can occur even though the acquisition is performing well, if it is not performing at the level contemplated by our original estimate.

As of December 31, 2011, the estimated acquisition earn-out payables equaled $47,715,000, of which $3,654,000 was recorded as accounts payable and $44,061,000 was recorded as other non-current liability. As of December 31, 2010, the estimated acquisition earn-out payables equaled $29,609,000, of which $7,651,000 was recorded as accounts payable and $21,958,000 was recorded as other non-current liability.

Income Taxes

The effective tax rate on income from operations was 39.4% in 2011, 39.2% in 2010, and 39.8% in 2009. The lower effective annual tax rate in 2011 and 2010 compared with 2009 was primarily the result of lower average effective state income tax rates. As a result of our stock acquisition of Arrowhead in January 2012 (as explained in Note 16 – Subsequent Events) and the reduced amount of tax-deductible amortization expense, we believe that after giving effect to other expected 2012 changes and holding other potential variables constant, our effective tax rate for the year ending December 31, 2012 will approximate 41.0%.

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RESULTS OF OPERATIONS — SEGMENT INFORMATION

As discussed in Note 15 of the Notes to Consolidated Financial Statements, we operate four reportable segments or divisions: the Retail, National Programs, Wholesale Brokerage, and Services Divisions. On a divisional basis, increases in amortization, depreciation and interest expenses result from completed acquisitions within a given division in a particular year. Likewise, other income in each division primarily reflects net gains on sales of customer accounts and fixed assets. As such, in evaluating the operational efficiency of a division, management emphasizes the net internal growth rate of core commissions and fees revenue, the gradual improvement of the ratio of total employee compensation and benefits to total revenues, and the gradual improvement of the ratio of other operating expenses to total revenues.

The term “core commissions and fees” excludes profit-sharing contingent commissions and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term “core organic commissions and fees” is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). Core organic commissions and fees attempts to express the current year’s core commissions and fees on a comparable basis with the prior year’s core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our clients’ exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees reflect either “positive” growth with a net increase in revenues, or “negative” with a net decrease in revenues.

The internal growth rates for our core organic commissions and fees for the three years ended December 31, 2011, 2010 and 2009, by Division, are as follows (in thousands, except percentages):

2011	For the years ended December 31, 2011	For the years ended December 31, 2010	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail[1]	$ 589,452	$ 554,416	$ 35,036	6.3%	$ 58,075	$ (23,039)	(4.2)%
National Programs	165,321	165,704	(383)	(0.2)%	2,326	(2,709)	(1.6)%
Wholesale Brokerage	143,116	141,247	1,869	1.3%	—	1,869	1.3%
Services	64,875	46,486	18,389	39.6%	17,773	616	1.3%
Total Core Commissions and Fees	$ 962,764	$ 907,853	$ 54,911	6.0%	$ 78,174	$ (23,263)	(2.6)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2011 and 2010 is as follows (in thousands):

	For the years ended December 31, 2011	For the years ended December 31, 2010
Total core commissions and fees	$ 962,764	$ 907,853
Profit-sharing contingent commissions	43,198	54,732
Divested business	—	4,332
Total commissions & fees	$ 1,005,962	$ 966,917.

2010	For the years ended December 31, 2010	For the years ended December 31, 2009	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail[1]	$ 559,319	$ 562,638	$ (3,319)	(0.6)%	$ 23,604	$ (26,923)	(4.8)%
National Programs	165,775	178,292	(12,517)	(7.0)%	740	(13,257)	(7.4)%
Wholesale Brokerage	140,755	142,069	(1,314)	(0.9)%	1,094	(2,408)	(1.7)%
Services	46,336	32,689	13,647	41.7%	13,716	(69)	(0.2)%
Total Core Commissions and Fees	$ 912,185	$ 915,688	$ (3,503)	(0.4)%	$ 39,154	$ (42,657)	(4.7)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2010 and 2009 is as follows (in thousands):

	For the years ended December 31,	
	2010	2009
Total core commissions and fees	$ 912,185	$ 915,688
Profit-sharing contingent commissions	54,732	47,637
Divested business	—	1,538
Total commissions & fees	$ 966,917	$ 964,863

2009	For the years ended December 31,		Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
	2009	2008					
Retail[(1)]	$564,091	$557,411	$ 6,680	1.2%	$ 55,218	$(48,538)	(8.7)%
National Programs	178,356	165,714	12,642	7.6%	1,719	10,923	6.6%
Wholesale Brokerage	142,090	149,895	(7,805)	(5.2)%	1,602	(9,407)	(6.3)%
Services	32,689	32,137	552	1.7%	—	552	1.7%
Total Core Commissions and Fees	$917,226	$905,157	$12,069	1.3%	$ 58,539	$(46,470)	(5.1)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2009 and 2008 is as follows (in thousands):

	For the years ended December 31,	
	2009	2008
Total core commissions and fees	$917,226	$905,157
Profit-sharing contingent commissions	47,637	56,419
Divested business	—	4,407
Total commissions & fees	$964,863	$965,983

(1) The Retail Division includes commissions and fees reported in the “Other” column of the Segment Information in Note 15 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.

Retail Division

The Retail Division provides a broad range of insurance products and services to commercial, public and quasi-public, professional and individual insured customers. Approximately 96.1% of the Retail Division's commissions and fees revenue is commission-based. Because most of our other operating expenses do not change as premiums fluctuate, we believe that most of any fluctuation in the commissions, net of related compensation, which we receive will be reflected in our pre-tax income.

Financial information relating to Brown & Brown's Retail Division is as follows (in thousands, except percentages):

	2011	Percent Change	2010	Percent Change	2009
REVENUES					
Core commissions and fees	$ 590,230	5.7%	$ 558,535	(0.7)%	$ 562,619
Profit-sharing contingent commissions	14,736	(3.5)%	15,274	(23.1)%	19,853
Investment income	102	(40.0)%	170	(39.7)%	282
Other income, net	2,131	97.0%	1,082	74.5%	620
Total revenues	607,199	5.6%	575,061	(1.4)%	583,374
EXPENSES					
Employee compensation and benefits	303,841	5.2%	288,957	(0.9)%	291,675
Non-cash stock-based compensation	6,114	74.0%	3,514	(25.1)%	4,692
Other operating expenses	98,745	6.0%	93,184	(4.6)%	97,639
Amortization	33,373	8.6%	30,725	2.6%	29,943
Depreciation	5,046	(5.7)%	5,349	(11.7)%	6,060
Interest	27,688	2.4%	27,037	(14.4)%	31,596
Change in estimated acquisition earn-out payables	(5,415)	212.8%	(1,731)	— %	—
Total expenses	469,392	5.0%	447,035	(3.2)%	461,605
Income before income taxes	$ 137,807	7.6%	$ 128,026	5.1%	$ 121,769
Net internal growth rate — core organic commissions and fees	(4.2)%		(4.8)%		(8.7)%
Employee compensation and benefits ratio	50.0%		50.2%		50.0%
Other operating expenses ratio	16.3%		16.2%		16.7%
Capital expenditures	$ 6,102		$ 4,852		$ 3,459
Total assets at December 31	$2,155,413		$1,914,587		$1,764,249

The Retail Division's total revenues in 2011 increased 5.6%, or $32.1 million, over the same period in 2010, to $607.2 million. Profit-sharing contingent commissions in 2011 decreased $0.5 million, or 3.5%, from 2010, primarily due to increased loss ratios resulting in lower profitability for insurance companies in 2010. The $31.7 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $58.1 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in 2010, (ii) a decrease of $3.8 million related to commissions and fees revenue recorded in 2010 from business divested during 2011, (iii) a decrease of $0.4 million for business transferred to our Wholesale Brokerage Division, and (iv) net decrease of $23.0 million primarily attributable to net lost business. The Retail Division's negative growth rate for core organic commissions and fees revenue was (4.2)% for 2011, and resulted primarily from lower property insurance rates and reduced insurable exposure units in most areas of the United States. However, as of the end of 2011, there were indications that exposure units' rates of decline were slowing, and some property insurance rates were beginning to increase slightly.

Income before income taxes for 2011 increased 7.6%, or $9.8 million, over the same period in 2010, to $137.8 million. The increase was mainly due to the profitability of our new acquisitions, and general cost savings that partially offset the decline in core organic commissions and fees. Of the $9.8 million net increase in income before income taxes, $3.7 million resulted from the change in estimated acquisition earn-out payables. Partially offsetting the $23.0 million reduction in core organic commissions and fees were reductions of approximately $9.9 million in compensation expense and $6.3 million in other operating expenses, led by lower rent and insurance costs.

The Retail Division's total revenues in 2010 decreased 1.4%, or $8.3 million, from the same period in 2009, to $575.1 million. Profit-sharing contingent commissions in 2010 decreased $4.6 million, or 23.1%, from 2009, primarily due to increased loss ratios resulting in lower profitability for insurance companies in 2009. The $4.1 million net decrease in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $23.6 million related to the core commissions and fees revenue

from acquisitions that had no comparable revenues in 2009, (ii) a decrease of $1.5 million related to commissions and fees revenue recorded in 2009 from business divested during 2010, and (iii) net decrease of $26.9 million primarily attributable to net lost business. The Retail Division's negative growth rate for core organic commissions and fees revenue was (4.8)% for 2010, and resulted primarily from lower property insurance rates and reduced insurable exposure units in most areas of the United States.

Income before income taxes for 2010 increased 5.1%, or $6.3 million, over the same period in 2009, to $128.0 million. Even though total revenues were down $8.3 million, total expenses were reduced by $14.6 million. Employee compensation and benefits expense was reduced by $2.7 million primarily due to lower salaries and bonuses, non-cash stock-based compensation was reduced by $1.2 million as a result of lower participation in the employee stock purchase plan and certain forfeitures of performance stock plan shares, other operating expenses were reduced by $4.5 million due to broad-based expense reductions, a lower inter-company interest allocation of $4.5 million resulting from reduced acquisition activity and a $1.7 million credit resulted from changes in the estimated acquisition earn-out payables. Additionally, interest expenses of this Division related to prior acquisitions decreased by $4.6 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

National Programs Division

The National Programs Division is comprised of two units: Professional Programs, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents; and Special Programs, which markets targeted products and services designated for specific industries, trade groups, public and quasi-public entities and market niches. Like the Retail Division and the Wholesale Brokerage Division, the National Programs Division's revenues are primarily commission-based.

Financial information relating to our National Programs Division is as follows (in thousands, except percentages):

	2011	Percent Change	2010	Percent Change	2009
REVENUES					
Core commissions and fees	$ 165,321	(0.3)%	$ 165,775	(7.1)%	$ 178,356
Profit-sharing contingent commissions	15,889	(31.4)%	23,169	89.7%	12,216
Investment income	—	(100.0)%	1	(66.7)%	3
Other income, net	67	(69.5)%	220	NMF[1]	18
Total revenues	181,277	(4.2)%	189,165	(0.7)%	190,593
EXPENSES					
Employee compensation and benefits	73,856	1.8%	72,529	(0.8)%	73,142
Non-cash stock-based compensation	1,463	80.4%	811	(21.2)%	1,029
Other operating expenses	25,423	0.3%	25,359	(11.7)%	28,721
Amortization	8,630	(6.3)%	9,213	0.4%	9,175
Depreciation	2,994	(1.8)%	3,049	11.9%	2,725
Interest	1,794	(44.7)%	3,242	(39.6)%	5,365
Change in estimated acquisition earn-out payables	(471)	NMF[1]	21	— %	—
Total expenses	113,689	(0.5)%	114,224	(4.9)%	120,157
Income before income taxes	$ 67,588	(9.8)%	$ 74,941	6.4%	$ 70,436
Net internal growth rate — core organic commissions and fees	(1.6)%		(7.4)%		6.6%
Employee compensation and benefits ratio	40.7%		38.3%		38.4%
Other operating expenses ratio	14.0%		13.4%		15.1%
Capital expenditures	$ 2,079		$ 2,432		$ 4,318
Total assets at December 31	$ 734,423		$ 667,123		$ 627,392

(1) NMF = Not a meaningful figure

The National Programs Division's total revenues in 2011 decreased $7.9 million to $181.3 million, a 4.2% decrease from 2010. Profit-sharing contingent commissions in 2011 decreased $7.3 million from 2010, of which $2.9 million related to our condominium program at FIU, and $4.4 million related to Proctor. FIU's profit-sharing contingent commissions in 2011 was principally attributable to fact that in 2010, FIU received profit-sharing contingent commissions representing a delayed 2009 payment. Proctor's decreased

profit-sharing contingent commissions were the direct result of the lower premiums generated by Proctor in 2010. Of the $0.5 million net decrease in core commissions and fees for National Programs: (i) an increase of approximately $2.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2010; (ii) a decrease of $0.1 million related to commissions and fees revenue recorded in 2010 from business divested during 2011, and (iii) net decrease of $2.7 million was primarily related to net lost business. Therefore, the National Programs Division's negative growth rate for core organic commissions and fees revenue was (1.6)% for 2011. Of the $2.7 million of net lost business, $4.4 million related to Proctor, and was primarily the result of its loss of a large customer, $1.5 million related to our Cal-Surance® operations and $1.1 million related to FIU, all of which was partially offset by $3.3 million increase related to our public entity business and a $1.0 million net aggregate increase attributable to the other programs in the Division.

Income before income taxes for 2011 decreased 9.8%, or $7.4 million, from the same period in 2010, to $67.6 million. This decrease was primarily driven by the reductions in profit-sharing contingent commissions. Employee compensation and benefits increased $1.3 million primarily due to higher salaries and producer commission expense; non-cash stock grant compensation increased $0.7 million due to the new SIP grants made in the first quarter of 2011; and other operating expenses increased slightly, by less than $0.1 million. Additionally, interest expense of this Division relating to prior acquisitions decreased by $1.4 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

The National Programs Division's total revenues in 2010 decreased $1.4 million to $189.2 million, a 0.7% decrease from 2009. Profit-sharing contingent commissions in 2010 increased $11.0 million over 2009, of which $5.8 million related to our condominium program at FIU, and $3.8 million related to Proctor. FIU's increased profit-sharing contingent commissions were principally attributable to the lack of hurricane activity in Florida during 2010 and 2009. Proctor's increased profit-sharing contingent commissions were the direct result of the substantial premium growth generated by Proctor in 2009. Of the $12.6 million net decrease in core commissions and fees for National Programs: (i) an increase of approximately $0.7 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2009; and (ii) net decrease of $13.3 million primarily related to net lost business. Therefore, the National Programs Division's negative growth rate for core organic commissions and fees revenue was (7.4)% for 2010. Of the $13.3 million of net lost business, $10.7 million related to Proctor, and was primarily the result of its loss of two large customers, $1.9 million related to the Lawyer's Protector Plan® and $0.9 million related to FIU.

Income before income taxes for 2010 increased 6.4%, or $4.5 million, over the same period in 2009, to $74.9 million. Even though total revenues decreased $1.4 million, total expenses were reduced by $5.9 million. Employee compensation and benefits expense was reduced $0.6 million primarily due to lower salaries and producer commission expense, other operating expenses were reduced by $3.4 million due to broad-based expense reductions, and inter-company interest allocation was reduced by $2.1 million as a result of reduced acquisition activity. Additionally, interest expense of this Division related to prior acquisitions decreased by $2.1 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

Wholesale Brokerage Division

The Wholesale Brokerage Division markets and sells excess and surplus commercial and personal lines insurance and reinsurance, primarily through independent agents and brokers. Like the Retail and National Programs Divisions, the Wholesale Brokerage Division's revenues are primarily commission-based.

Financial information relating to our Wholesale Brokerage Division is as follows (in thousands, except percentages):

	2011	Percent Change	2010	Percent Change	2009
REVENUES					
Core commissions and fees	$143,116	1.7%	$140,755	(0.9)%	$142,090
Profit-sharing contingent commissions	12,573	(22.8)%	16,289	4.6%	15,568
Investment income	34	17.2%	29	(53.2)%	62
Other income, net	1,585	(2.5)%	1,626	161.8%	621
Total revenues	157,308	(0.9)%	158,699	0.2%	158,341
EXPENSES					
Employee compensation and benefits	76,678	(2.9)%	78,945	(2.0)%	80,561
Non-cash stock-based compensation	1,355	97.2%	687	(30.3)%	985
Other operating expenses	29,442	(3.2)%	30,413	(6.0)%	32,343
Amortization	10,172	(0.3)%	10,201	(0.4)%	10,239
Depreciation	2,537	(5.9)%	2,695	(6.9)%	2,894
Interest	7,082	(34.2)%	10,770	(24.6)%	14,289
Change in estimated acquisition earn-out payables	654	(365.9)%	(246)	— %	—
Total expenses	127,920	(4.2)%	133,465	(5.6)%	141,311
Income before income taxes	$ 29,388	16.5%	$ 25,234	48.2%	$ 17,030
Net internal growth rate — core organic commissions and fees	1.3%		(1.7)%		(6.3)%
Employee compensation and benefits ratio	48.7%		49.7%		50.9%
Other operating expenses ratio	18.7%		19.2%		20.4%
Capital expenditures	$ 2,547		$ 1,838		$ 3,201
Total assets at December 31	$658,040		$631,344		$618,704

The Wholesale Brokerage Division's total revenues in 2011 decreased $1.4 million from 2010, of which $3.7 million was attributable to lower profit-sharing contingent commissions, which was partially offset by a $2.4 million increase in core commissions and fees revenue. Of the $2.4 million net increase in core commissions and fees revenue: (i) a decrease of $0.5 million related to commissions and fees revenue recorded in 2010 from business divested during 2011; and (ii) net increase of $1.9 million primarily due to net new business. As such, the Wholesale Brokerage Division's core organic commissions and fees revenue for 2011 was 1.3%. The positive internal growth rate in 2011 compared with the negative growth rates in 2010 and 2009 reflects the gradual stabilization of coastal property insurance rates and the fact that excess and surplus lines insurance products continue to be competitive with the products of admitted carriers including, the Citizens Property Insurance Corporation in Florida.

Income before income taxes for 2011 increased 16.5%, or $4.2 million, over the same period in 2010, to $29.4 million. Even though total revenues decreased by $1.4 million, total expenses were reduced by $5.5 million. Employee compensation and benefits expense was reduced $2.3 million, primarily due to lower management and staff salaries and commissions paid to producers, and other operating expenses were reduced by $1.0 million, primarily in the areas of office rents, postage, and insurance costs. Additionally, interest expenses of the Wholesale Brokerage Division related to prior acquisitions decreased by $3.7 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

The Wholesale Brokerage Division's total revenues in 2010 increased $0.4 million over 2009, of which $0.7 million was attributable to higher profit-sharing contingent commissions and $1.0 million was attributable to an increase in other income, which were partially offset by a $1.3 million reduction in core commissions and fees revenue. Of the $1.3 million net decrease in core commissions and fees revenue: (i) an increase of approximately $1.1 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2009; and (ii) the remaining net decrease of $2.4 million was primarily due to net lost business. As such, the Wholesale Brokerage Division's negative growth rate for core organic commissions

and fees revenue for 2010 was (1.7)%. Even though the internal growth rate in 2010 remained negative, the substantial reduction in the negative growth rates as compared to 2009 reflects gradual continuation of the stabilization of coastal property insurance rates and the fact that excess and surplus lines insurance products continue to be competitive with the products offered by admitted carriers, including, Citizens Property Insurance Corporation in Florida.

Income before income taxes for 2010 increased 48.2%, or $8.2 million, over the same period in 2009, to $25.2 million. Even though total revenues increased by only $0.4 million, total expenses were reduced by $7.8 million. Employee compensation and benefits expense was reduced by $1.6 million primarily due to lower management and staff salaries and bonuses, and other operating expenses were reduced by $1.9 million, primarily in the areas of postage, supplies, telephone, and office rent costs. Additionally, interest expenses of this Division related to prior acquisitions decreased by $3.5 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

Services Division

The Services Division provides insurance-related services, including third-party claims administration ("TPA") and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services and, effective in 2010, Social Security disability and Medicare benefits advocacy services.

Unlike our other segments, approximately 99.9% of the Services Division's 2011 commissions and fees revenue is generated from fees, which are not significantly affected by fluctuations in general insurance premiums.

Financial information relating to our Services Division is as follows (in thousands, except percentages):

	2011	Percent Change	2010	Percent Change	2009
REVENUES					
Core commissions and fees	$ 64,875	40.0%	$ 46,336	41.7%	$32,689
Profit-sharing contingent commissions	—	—	—	—	—
Investment income	128	753.3%	15	(34.8)%	23
Other income net	969	909.4%	96	209.7%	31
Total revenues	65,972	42.0%	46,447	41.9%	32,743
EXPENSES					
Employee compensation and benefits	34,494	30.4%	26,443	38.4%	19,106
Non-cash stock-based compensation	220	152.9%	87	(46.6)%	163
Other operating expenses	11,626	50.3%	7,734	54.2%	5,015
Amortization	2,541	101.0%	1,264	173.6%	462
Depreciation	590	67.6%	352	5.7%	333
Interest	5,746	121.7%	2,592	288.0%	668
Change in estimated acquisition earn-out payables	3,026	973.0%	282	—	—
Total expenses	58,243	50.3%	38,754	50.5%	25,747
Income before income taxes	$ 7,729	0.5%	$ 7,693	10.0%	$ 6,996
Net internal growth rate — core organic commissions and fees	1.3%		(0.2)%		1.7%
Employee compensation and benefits ratio	52.3%		56.9%		58.4%
Other operating expenses ratio	17.6%		16.7%		15.3%
Capital expenditures	$ 689		$ 419		$ 160
Total assets at December 31	$166,060		$145,321		$47,829

The Services Division's total revenues in 2011 increased $19.5 million over 2010, almost exclusively due to acquired revenues attributable to our new Social Security disability and Medicare benefits advocacy services. The net increase in the Division's core organic commissions and fees is primarily due to our Medicare Secondary Payer statute ("MSP") compliance-related services.

Income before income taxes in 2011 increased less than $0.1 million over 2010. Even though the operations acquired in 2011 added substantially to income before income taxes, it was substantially offset by $3.2 million inter-company interest charged against the total purchase price of the Division's acquisitions and a $2.7 million charge for the change in estimated acquisition earn-out payable.

The Services Division's total revenues in 2010 increased $13.7 million over 2009, almost exclusively due to acquired revenues attributable to our Medicare Secondary Payer statute ("MSP") compliance-related services and our new Social Security disability and Medicare benefits advocacy services.

Income before income taxes in 2010 increased $0.7 million over 2009 due to the operations acquired in 2010. Additionally, interest expenses of this Division related to the current year acquisitions increased by $1.9 million, primarily due to the interest rate charged against the total purchase price of each of the Division's acquisitions.

Other

As discussed in Note 15 of the Notes to Consolidated Financial Statements, the "Other" column in the Segment Information table includes any income and expenses not allocated to reportable segments, and corporate-related items, including the inter-company interest expense charges to reporting segments.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents of $286.3 million at December 31, 2011 reflected an increase of $13.3 million from the $273.0 million balance at December 31, 2010. During 2011, $237.5 million of cash was provided from operating activities. Also during this period, $166.1 million of cash was used for acquisitions, $13.6 million was used for additions to fixed assets, $102.1 million was used for payments on long-term debt and $46.5 million was used for payment of dividends. Additionally, in the third quarter of 2011, we borrowed $100.0 million on our Master Agreement to fund the repayment of our $100.0 million of Series A Senior Notes that matured on September 15, 2011.

Our cash and cash equivalents of $273.0 million at December 31, 2010 reflected an increase of $75.9 million from the $197.1 million balance at December 31, 2009. During 2010, $296.1 million of cash was provided from operating activities. Also during this period, $157.6 million of cash was used for acquisitions, $10.4 million was used for additions to fixed assets, $19.4 million was used for payments on long-term debt and $44.5 million was used for payment of dividends.

Our cash and cash equivalents of $197.1 million at December 31, 2009 reflected an increase of $118.6 million from the $78.6 million balance at December 31, 2008. During 2009, $221.6 million of cash was provided from operating activities. Also during this period, $44.7 million of cash was used for acquisitions, $11.3 million was used for additions to fixed assets, $15.1 million was used for payments on long-term debt and $42.9 million was used for payment of dividends.

On January 9, 2012, we completed the acquisition of Arrowhead for a total cash purchase price of $395.0 million, subject to certain adjustments and potential earn out payments of up to $5 million in the aggregate following the third anniversary of the acquisition's closing date. We financed the acquisition through various modified and new credit facilities.

Our ratio of current assets to current liabilities (the "current ratio") was 1.47 and 1.39 at December 31, 2011 and 2010, respectively.

Contractual Cash Obligations

As of December 31, 2011, our contractual cash obligations were as follows:

(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$251,260	$ 1,227	$100,033	$50,000	$100,000
Other liabilities	16,940	7,658	5,979	1,566	1,737
Operating leases	109,357	25,176	40,871	27,972	15,338
Interest obligations	56,766	13,338	23,888	11,852	7,688
Unrecognized tax benefits	806	—	806	—	—
Maximum future acquisition contingency payments	132,516	28,048	98,468	6,000	—
Total contractual cash obligations	$567,645	$ 75,447	$270,045	$97,390	$124,763

Debt

In July 2004, we completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million was divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million due in 2011 and bearing interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. Brown & Brown has used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2011 and 2010, there was an outstanding balance on the Notes of $100.0 million and $200.0 million, respectively.

On December 22, 2006, we entered into a Master Shelf and Note Purchase Agreement (the “Master Agreement”) with a national insurance company (the “Purchaser”). On September 30, 2009, we and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by us in 2004. The Master Agreement provides for a $200.0 million private uncommitted “shelf” facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, and pursuant to a Confirmation of Acceptance, dated January 21, 2011 (the “Confirmation”), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose to retire the Series A Senior Notes. As of December 31, 2011, and December 31, 2010, there was an outstanding debt balance issued under the provisions of the Master Agreement of $150.0 million and $50.0 million, respectively.

In accordance with ASC Topic 470 – Debt, we classified the related principal balance of the Series A Senior Notes as long-term debt as of December 31, 2010, as we had both the intent and ability to refinance the obligation on a long-term basis, as evidenced by the Confirmation.

On June 12, 2008, we entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the “Prior Loan Agreement”), with a national banking institution, amending and restating the existing Revolving Loan Agreement dated September 29, 2003, as amended (the “Revolving Agreement”), to increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013. The Revolving Agreement initially provided for a revolving credit facility in the maximum principal amount of $75.0 million. After a series of amendments that provided covenant exceptions for the notes issued or to be issued under the Master Agreement and relaxed or deleted certain mother covenants, the maximum principal amount was reduced to $20.0 million. During the three months ended December 31, 2011, there were no borrowing against this facility.

On January 9, 2012, we entered into: (1) an amended and restated revolving and term loan credit agreement (the “SunTrust Agreement”) with SunTrust Bank (“SunTrust”) that provides for (a) a $100.0 million term loan (the “SunTrust Term Loan”) and (b) a $50.0 million revolving line of credit (the “SunTrust Revolver”) and (2) a $50.0 million promissory note (the “JPM Note”) in favor of JPMorgan Chase Bank, N.A. (“JPMorgan”), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, the “JPM Agreement”) that provides for a $50.0 million uncommitted line of credit bridge facility (the “JPM Bridge Facility”). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the Arrowhead acquisition. The SunTrust Agreement amended and restated the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available for each to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver, respectively). The calculation of interest and fees for the SunTrust Agreement is generally based on our funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the SunTrust Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. Initially, until our March 31, 2012 quarter end, the applicable margin for LIBOR advances is 1.00%, the availability fee is 0.175%, and the letter of credit margin fee is 1.00%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. On January 26, 2012, we entered into a term loan agreement (the “JPM Agreement”) with JPMorgan that provided for a $100.0 million term loan (the “JPM Term Loan”). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) the “JPM Bridge Facility and (2) the SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility was terminated and the SunTrust Revolver’s amount outstanding was brought to zero prior to making subsequent advances thereunder.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate, each as more fully described in the JPM Agreement. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

The 90-day LIBOR was 0.581% and 0.300% as of December 31, 2011, and December 31, 2010, respectively. There were no borrowings against this facility at December 31, 2011, or December 31, 2010.

The Master Agreement, the Prior Loan Agreement, the SunTrust Agreement and the JPM Agreement all require that we maintain certain financial ratios and comply with certain other covenants. We were in compliance with all such covenants as of December 31, 2011 and 2010.

Neither we nor our subsidiaries has ever incurred off-balance sheet obligations through the use of, or investment in, off-balance sheet derivative financial instruments or structured finance or special purpose entities organized as corporations, partnerships or limited liability companies or trusts.

We believe that our existing cash, cash equivalents, short-term investment portfolio and funds generated from operations, together with our Master Agreement and the SunTrust Agreement and the JPM Agreement described above, will be sufficient to satisfy our normal liquidity needs through at least the end of 2012. Additionally, we believe that funds generated from future operations will be sufficient to satisfy our normal liquidity needs, including the required annual principal payments on our long-term debt.

Historically, much of our cash has been used for acquisitions. If additional acquisition opportunities should become available that exceed our current cash flow, we believe that given our relatively low debt-to-total-capitalization ratio, we would be able to raise additional capital through either the private or public debt markets.

For further discussion of our cash management and risk management policies, see "Quantitative and Qualitative Disclosures About Market Risk."

In addition, we currently have a shelf registration statement with the SEC registering the potential sale of an indeterminate amount of debt and equity securities in the future, from time to time, to augment our liquidity and capital resources. This self registration statement will expire, however, on March 4, 2012. We intend to file a new shelf registration statement at some point after such expiration.

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 rates and equity prices. We are exposed to market risk through our investments, revolving credit line and term loan agreements.

Our invested assets are held as cash and cash equivalents, restricted cash and investments, available-for-sale equity securities, equity securities and certificates of deposit. These investments are subject to interest rate risk and equity price risk. The fair values of our cash and cash equivalents, restricted cash and investments, and certificates of deposit at December 31, 2011 and 2010 approximated their respective carrying values due to their short-term duration and, therefore, such market risk is not considered to be material.

We do not actively invest or trade in equity securities. In addition, we generally dispose of any significant equity securities received in conjunction with an acquisition shortly after the acquisition date.

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BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Year Ended December 31, 2011	2010	2009
REVENUES			
Commissions and fees	$1,005,962	$966,917	$964,863
Investment income	1,267	1,326	1,161
Other income, net	6,313	5,249	1,853
Total revenues	1,013,542	973,492	967,877
EXPENSES			
Employee compensation and benefits	508,675	487,820	484,680
Non-cash stock-based compensation	11,194	6,845	7,358
Other operating expenses	144,079	135,851	143,389
Amortization	54,755	51,442	49,857
Depreciation	12,392	12,639	13,240
Interest	14,132	14,471	14,599
Change in estimated acquisition earn-out payables	(2,206)	(1,674)	—
Total expenses	743,021	707,394	713,123
Income before income taxes	270,521	266,098	254,754
Income taxes	106,526	104,346	101,460
Net income	$ 163,995	$161,752	$153,294
Net income per share:			
Basic	$ 1.15	$ 1.14	$ 1.08
Diluted	$ 1.13	$ 1.12	$ 1.08
Weighted average number of shares outstanding:			
Basic	138,582	137,924	137,173
Diluted	140,264	139,318	137,507
Dividends declared per share	$ 0.3250	$ 0.3125	$ 0.3025

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED
BALANCE SHEETS

(in thousands, except per share data)	At December 31, 2011	2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 286,305	$ 272,984
Restricted cash and investments	130,535	123,594
Short-term investments	7,627	7,678
Premiums, commissions and fees receivable	240,257	214,446
Deferred income taxes	19,863	20,076
Other current assets	23,540	14,031
Total current assets	708,127	652,809
Fixed assets, net	61,360	59,713
Goodwill	1,323,469	1,194,827
Amortizable intangible assets, net	496,182	481,900
Other assets	17,873	11,565
Total assets	$2,607,011	$2,400,814
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 327,096	$ 311,346
Premium deposits and credits due customers	30,048	28,509
Accounts payable	22,384	33,693
Accrued expenses and other liabilities	100,865	94,947
Current portion of long-term debt	1,227	1,662
Total current liabilities	481,620	470,157
Long-term debt	250,033	250,067
Deferred income taxes, net	178,052	146,482
Other liabilities	53,343	27,764
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued and outstanding 143,352 at 2011 and 142,795 at 2010	14,335	14,279
Additional paid-in capital	307,059	286,997
Retained earnings	1,322,562	1,205,061
Accumulated other comprehensive income, net of related income tax effect of $4 at 2011 and $4 at 2010	7	7
Total shareholders' equity	1,643,963	1,506,344
Total liabilities and shareholders' equity	$2,607,011	$2,400,814

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock Shares Outstanding	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2009	141,544	$14,154	$250,167	$ 977,407	$ 13	$1,241,741
Net income				153,294		153,294
Net unrealized holding gain on available-for-sale securities					(8)	(8)
Comprehensive income						153,286
Common stock issued for employee stock benefit plans	518	52	17,160			17,212
Income tax benefit from exercise of stock benefit plans			243			243
Common stock issued to directors	14	2	286			288
Cash dividends paid ($0.3025 per share)				(42,896)		(42,896)
Balance at December 31, 2009	142,076	$14,208	$267,856	$1,087,805	$ 5	$1,369,874
Net income				161,752		161,752
Net unrealized holding loss on available-for-sale securities					2	2
Comprehensive income						161,754
Common stock issued for employee stock benefit plans	705	70	7,495			7,565
Income tax benefit from exercise of stock benefit plans			11,391			11,391
Common stock issued to directors	14	1	255			256
Cash dividends paid ($0.3125 per share)				(44,496)		(44,496)
Balance at December 31, 2010	142,795	$14,279	$286,997	$1,205,061	$ 7	$1,506,344
Net income and comprehensive income				163,995		163,995
Common stock issued for employee stock benefit plans	545	55	18,859			18,914
Income tax benefit from exercise of stock benefit plans			916			916
Common stock issued to directors	12	1	287			288
Cash dividends paid ($0.3250 per share)				(46,494)		(46,494)
Balance at December 31, 2011	**143,352**	**$14,335**	**$307,059**	**$1,322,562**	**$ 7**	**$1,643,963**

See accompanying notes to consolidated financial statements.

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BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2011	2010	2009
Cash flows from operating activities:			
Net income	$ 163,995	$ 161,752	$ 153,294
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	54,755	51,442	49,857
Depreciation	12,392	12,639	13,240
Non-cash stock-based compensation	11,194	6,845	7,358
Change in estimated acquisition earn-out payables	(2,206)	(1,674)	—
Deferred income taxes	30,328	22,587	27,851
Income tax benefit from exercise of shares from the stock benefit plans	(916)	(11,391)	—
Net (gain) loss on sales of investments, fixed assets and customer accounts	(1,890)	(1,474)	374
Payments on acquisition earn-outs in excess of original estimated payables	(1,369)	—	—
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Restricted cash and investments (increase) decrease	(6,941)	31,663	(10,507)
Premiums, commissions and fees receivable (increase) decrease	(20,570)	(2,555)	36,943
Other assets (increase) decrease	(7,322)	14,529	8,668
Premiums payable to insurance companies increase (decrease)	9,447	436	(48,491)
Premium deposits and credits due customers increase (decrease)	1,277	(9,673)	(6,049)
Accounts payable (decrease) increase	(2,807)	28,246	(1,819)
Accrued expenses and other liabilities increase (decrease)	3,975	(2,087)	(488)
Other liabilities (decrease)	(5,811)	(5,233)	(8,646)
Net cash provided by operating activities	237,531	296,052	221,585
Cash flows from investing activities:			
Additions to fixed assets	(13,608)	(10,454)	(11,310)
Payments for businesses acquired, net of cash acquired	(166,055)	(157,637)	(44,682)
Proceeds from sales of fixed assets and customer accounts	3,686	1,558	1,305
Purchases of investments	(12,698)	(9,285)	(11,570)
Proceeds from sales of investments	12,950	9,327	10,828
Net cash used in investing activities	(175,725)	(166,491)	(55,429)
Cash flows from financing activities:			
Payments on acquisition earn-outs	(8,843)	(2,136)	—
Proceeds from long-term debt	100,000	—	—
Payments on long-term debt	(102,072)	(19,425)	(15,089)
Borrowings on revolving credit facility	—	—	14,390
Payments on revolving credit facility	—	—	(14,390)
Income tax benefit from exercise of shares from the stock benefit plans	916	11,391	243
Issuances of common stock for employee stock benefit plans	8,667	11,119	10,142
Repurchase stock benefit plan shares for employee to fund tax withholdings	(659)	(10,143)	—
Cash dividends paid	(46,494)	(44,496)	(42,896)
Net cash used in financing activities	(48,485)	(53,690)	(47,600)
Net increase in cash and cash equivalents	13,321	75,871	118,556
Cash and cash equivalents at beginning of year	272,984	197,113	78,557
Cash and cash equivalents at end of year	$ 286,305	$ 272,984	$ 197,113

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 Summary of Significant Accounting Policies

Nature of Operations

Brown & Brown, Inc., a Florida corporation, and its subsidiaries (collectively, "Brown & Brown" or the "Company") is a diversified insurance agency, wholesale brokerage, insurance programs and services organization that markets and sells to its customers insurance products and services, primarily in the property and casualty area. Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public entity, professional and individual customers; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial insurance and reinsurance, primarily through independent agents and brokers; the National Programs Division, which is composed of two units — Professional Programs, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and Special Programs, which markets targeted products and services designated for specific industries, trade groups, governmental entities and market niches; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services and Social Security disability and Medicare benefits advocacy services.

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 the Consolidated Financial Statements.

Revenue Recognition

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. At that date, the earnings process has been completed, and Brown & Brown can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. The reserve for policy cancellations is based upon historical cancellation experience adjusted for known circumstances. The policy cancellation reserve was $6,396,000 and $5,559,000 at December 31, 2011 and 2010, respectively, and it is periodically evaluated and adjusted as necessary. Subsequent commission adjustments are recognized upon receipt of notification from the insurance companies. Commission revenues are reported net of commissions paid to sub-brokers or co-brokers. Profit-sharing contingent commissions from insurance companies are recognized when determinable, which is when such commissions are received, or when officially notified of the amount of such commissions. Fee income is recognized as services are rendered.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased.

Restricted Cash and Investments, and Premiums, Commissions and Fees Receivable

In its capacity as an insurance agent or broker, Brown & Brown typically collects premiums from insureds and, after deducting its authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, as reported in the Consolidated Balance Sheets, "premiums" are receivable from insureds. Unremitted net insurance premiums are held in a fiduciary capacity until Brown & Brown disburses them. Brown & Brown invests these unremitted funds only in cash, money market accounts, tax-free variable-rate demand bonds and commercial paper held for a short term. In certain states in which Brown & Brown operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash and investments on 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 Brown & Brown. Accordingly, as reported in the Consolidated Balance Sheets, "commissions" are receivables from insurance companies. "Fees" are primarily receivables due from customers.

Investments

Equity securities held by Brown & Brown 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 related income tax effect, reported as a separate component of shareholders’ equity. Realized gains and losses and declines in value below cost that are judged to be other-than-temporary on available-for-sale securities are reflected 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 in the Consolidated Statements of Income.

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.

Fixed Assets

Fixed assets, including leasehold improvements are carried at cost, less accumulated depreciation and amortization. Expenditures for improvements are capitalized, and expenditures for maintenance and repairs are expensed 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 other income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to 15 years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

Goodwill and Amortizable Intangible Assets

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and amortizable intangible assets is assigned to goodwill. While goodwill is not amortizable, it is subject to at least an annual assessment, and more frequently in the presence of certain circumstances, for impairment by applying a fair value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the asset. The Company compares the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation and amortization (“EBITDA”). Brown & Brown completed its most recent annual assessment as of November 30, 2011 and determined that the fair value of goodwill and amortizable intangible assets substantially exceed the carrying value of such assets. In addition, as of December 31, 2011, there are no accumulated impairment losses.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and non-compete agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals.

The carrying value of intangibles attributable to each business or asset group comprising Brown & Brown is periodically reviewed by management to determine if the facts and circumstances suggest they may be impaired. In the insurance agency and wholesale brokerage industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of either their corresponding revenues or EBITDA. Accordingly, Brown & Brown assesses the carrying value of its intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related intangible assets be adjusted; however, no impairments have been recorded for the years ended December 31, 2011, 2010 and 2009.

Income Taxes

Brown & Brown records income tax expense using the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and the income tax bases of Brown & Brown’s assets and liabilities.

Brown & Brown files a consolidated federal income tax return and has elected to file consolidated returns in certain states. 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.

Net Income Per Share

Effective in 2009, the Company adopted new Financial Accounting Standards Board (“FASB”) authoritative guidance that states that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing earnings per share (“EPS”) pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends or dividend

equivalents and their respective participation rights in undistributed earnings. Performance stock shares granted to employees under the Company's Performance Stock Plan are considered participating securities as they receive non-forfeitable dividend equivalents at the same rate as common stock.

Basic EPS is computed based on the weighted average number of common shares (including participating securities) issued and outstanding during the period. Diluted EPS is computed based on the weighted average common shares issued and outstanding plus equivalent shares assuming the exercise of stock options. The dilutive effect of stock options is computed by application of the treasury stock method. For the years ended December 31, 2010 and 2009, the impact of outstanding options to purchase 12,000 shares of common stock, in each period, was anti-dilutive; these shares were excluded from the calculation of diluted net income per share. The following is a reconciliation between basic and diluted weighted average shares outstanding for the years ended December 31:

(in thousands, except per share data)	2011	2010	2009
Net income	$163,995	$161,752	$153,294
Net income attributable to unvested awarded performance stock	(5,099)	(5,097)	(4,937)
Net income attributable to common shares	$158,896	$156,655	$148,357
Weighted average basic number of common shares outstanding	143,029	142,412	141,738
Less unvested awarded performance stock included in weighted average basic share outstanding	(4,447)	(4,488)	(4,565)
Weighted average number of common shares outstanding for basic earnings per common share	138,582	137,924	137,173
Dilutive effect of stock options	1,682	1,394	334
Weighted average number of shares outstanding	140,264	139,318	137,507
Net income per share:			
Basic	$ 1.15	$ 1.14	$ 1.08
Diluted	$ 1.13	$ 1.12	$ 1.08

Fair Value of Financial Instruments

The carrying amounts of Brown & Brown's financial assets and liabilities, including cash and cash equivalents, restricted cash and investments, investments, premiums, commissions and fees receivable, premiums payable to insurance companies, premium deposits and credits due customers and accounts payable, at December 31, 2011 and 2010, approximate fair value because of the short-term maturity of these instruments. The carrying amount of Brown & Brown's long-term debt approximates fair value at December 31, 2011 and 2010 since the related coupon rate approximates the current market rate.

Stock-Based Compensation

The Company grants stock options and non-vested stock awards to its employees, officers and directors. The Company uses the modified-prospective method to account for share-based payments. Under the modified-prospective method, compensation cost is recognized for all share-based payments granted on or after January 1, 2006 and for all awards granted to employees prior to January 1, 2006 that remained unvested on that date. The Company uses the alternative transition method to determine the accounting of the income tax effects of payments made related to stock-based compensation.

The Company uses the Black-Scholes valuation model for valuing all stock options and shares purchased under the Employee Stock Purchase Plan (the "ESPP"). Compensation for non-vested stock awards is measured at fair value on the grant-date based upon the number of shares expected to vest. Compensation cost for all awards is recognized in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period.

Recent Accounting Pronouncements

Comprehensive Income—In June 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance which allows an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholder's equity. This authoritative guidance is to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Except for presentation requirements, the Company does not expect the adoption of this guidance to have a material effect on its Financial Statements.

Goodwill Impairment—In September 2011, the FASB issued authoritative guidance which simplifies goodwill impairment testing by allowing an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. An entity is no longer required to determine the fair value of a reporting unit unless it is

more likely than not that the fair value is less than carrying value. The guidance is effective for interim and annual periods beginning after December 15, 2011. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material effect on its Financial Statements.

NOTE 2 Business Combinations

Acquisitions in 2011

During 2011, Brown & Brown acquired the assets and assumed certain liabilities of 37 insurance intermediaries, all of the stock of one insurance intermediary and several books of business (customer accounts). The aggregate purchase price of these acquisitions was $214,822,000, including $167,444,000 of cash payments, the issuance of $1,194,000 in notes payable, the assumption of $15,659,000 of liabilities and $30,525,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract and hire high-quality individuals. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one- to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Based on acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's consolidated financial statements may be provisional and thus subject to further adjustments within the permitted measurement period, as defined in Accounting Standards Codification ("ASC") Topic 805—Business Combinations. However, the Company does not expect any adjustments to such allocations to be material to the Company's Consolidated Financial Statements.

These acquisitions have been accounted for as business combinations and are as follows:

(in thousands)

Name	Business Segment	2011 Date of Acquisition	Cash Paid	Note Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Balcos Insurance, Inc.	Retail	January 1	$ 8,611	$ —	$ 1,595	$ 10,206	*$ 5,766*
Associated Insurance Service, Inc. et al.	Retail	January 1	12,000	—	1,575	13,575	*6,000*
United Benefit Services Insurance Agency LLC et al.	Retail	February 1	14,283	—	2,590	16,873	*8,442*
First Horizon Insurance Group, Inc. et al.	Retail	April 30	25,060	—	—	25,060	—
Fitzharris Agency, Inc. et al.	Retail	May 1	6,159	—	888	7,047	*3,832*
Corporate Benefit Consultants, LLC	Retail	June 1	9,000	—	2,038	11,038	*4,520*
Sitzmann, Morris & Lavis Insurance Agency, Inc. et al.	Retail	November 1	40,460	—	6,228	46,688	*19,000*
Snapper Shuler Kenner, Inc. et al.	Retail	November 1	7,493	—	1,318	8,811	*3,988*
Industry Consulting Group, Inc.	National Programs	November 1	9,133	—	3,877	13,010	*5,794*
Colonial Claims Corporation et al.	Services	December 23	9,950	—	4,248	14,198	*8,000*
Other	Various	Various	25,295	1,194	6,168	32,657	*12,865*
Total			$167,444	$1,194	$30,525	$199,163	*$78,207*

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The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition:

(in thousands)	Balcos	AIS	United	FHI	FA	CBC
Cash	$ —	$ —	$ —	$ 5,170	$ —	$ —
Other current assets	187	252	438	1,640	77	227
Fixed assets	20	100	20	134	60	6
Goodwill	6,486	9,055	10,049	15,254	7,244	6,738
Purchased customer accounts	3,530	4,086	7,045	8,088	3,351	4,046
Non-compete agreements	42	92	45	10	21	21
Other assets	—	—	4	9	—	—
Total assets acquired	10,265	13,585	17,601	30,305	10,753	11,038
Other current liabilities	(59)	(10)	(728)	(3,790)	(3,706)	—
Deferred income taxes, net	—	—	—	(1,455)	—	—
Other liabilities	—	—	—	—	—	—
Total liabilities assumed	(59)	(10)	(728)	(5,245)	(3,706)	—
Net assets acquired	$10,206	$13,575	$16,873	$25,060	$ 7,047	$11,038

(in thousands)	SML	SSK	ICG	CC	Other	Total
Cash	$ —	$ —	$ —	$ —	$ —	$ 5,170
Other current assets	1,372	247	336	—	1,059	5,835
Fixed assets	465	45	100	60	65	1,075
Goodwill	31,601	5,818	9,564	8,070	18,465	128,344
Purchased customer accounts	13,995	2,726	7,161	6,094	13,746	73,868
Non-compete agreements	42	12	11	23	187	506
Other assets	4	—	5	—	2	24
Total assets acquired	47,479	8,848	17,177	14,247	33,524	214,822
Other current liabilities	(791)	(37)	(1,096)	(49)	(867)	(11,133)
Deferred income taxes, net	—	—	—	—	—	(1,455)
Other liabilities	—	—	(3,071)	—	—	(3,071)
Total liabilities assumed	(791)	(37)	(4,167)	(49)	(867)	(15,659)
Net assets acquired	$46,688	$8,811	$13,010	$14,198	$32,657	$199,163

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts are 15.0 years, and noncompete agreements are 5.0 years.

Goodwill of $128,344,000, was assigned to the Retail, National Programs and Services Divisions in the amounts of $108,420,000, $11,853,000 and $8,071,000, respectively. Of the total goodwill of $128,344,000, $84,105,000 is currently deductible for income tax purposes and $13,714,000 is non-deductible. The remaining $30,525,000 relates to the earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2011 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2011 included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2011 were $40,291,000 and $7,223,000, respectively. If the acquisitions had occurred as of the beginning of the comparable prior annual reporting period, the Company's estimated results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31,	
	2011	2010
Total revenues	$1,058,142	$1,059,857
Income before income taxes	$ 283,404	$ 291,944
Net income	$ 171,805	$ 177,464
Net income per share:		
Basic	$ 1.20	$ 1.25
Diluted	$ 1.19	$ 1.23
Weighted average number of shares outstanding:		
Basic	138,582	137,924
Diluted	140,264	139,318

Acquisitions in 2010

During 2010, Brown & Brown acquired the assets and assumed certain liabilities of 33 insurance intermediaries and several books of business (customer accounts). The aggregate purchase price of these acquisitions was $186,783,000, including $158,636,000 of cash payments, the issuance of $759,000 in notes payable, the assumption of $2,298,000 of liabilities and $25,090,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract and hire high-quality individuals. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one- to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Based on acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's consolidated financial statements may be provisional and thus subject to further adjustments within the permitted measurement period, as defined in ASC Topic 805-Business Combinations.

These acquisitions have been accounted for as business combinations and are as follows:

(in thousands)

Name	Business Segment	2010 Date of Acquisition	Cash Paid	Note Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
DiMartino Associates, Inc.	Retail	March 1	$ 7,047	$ —	$ 3,402	$ 10,449	$ 5,637
Stone Insurance Agencies, et al.	Retail	May 1	15,825	—	124	15,949	3,000
Crowe Paradis Holding Company, et al.	Services	September 1	75,000	—	8,665	83,665	15,000
Thomas R Jones, Inc.	Retail	October 1	14,634	—	—	14,634	—
Other	Various	Various	46,130	759	12,899	59,788	30,668
Total			$158,636	$ 759	$25,090	$184,485	$54,305

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition:

(in thousands)	DiMartino	Stone	Crowe	TR Jones	Other	Total
Cash	$ —	$ —	$ 1,000	$ —	$ —	$ 1,000
Other current assets	137	516	118	259	1,528	2,558
Fixed assets	21	70	500	120	180	891
Goodwill	6,890	11,128	53,573	8,683	36,119	116,393
Purchased customer accounts	3,380	5,172	28,440	5,643	22,841	65,476
Non-compete agreements	21	74	33	—	332	460
Other assets	—	—	1	4	—	5
Total assets acquired	10,449	16,960	83,665	14,709	61,000	186,783
Other current liabilities	—	(1,011)	—	(75)	(1,212)	(2,298)
Total liabilities assumed	—	(1,011)	—	(75)	(1,212)	(2,298)
Net assets acquired	$ 10,449	$15,949	$83,665	$14,634	$59,788	$184,485

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts are 15.0 years, and noncompete agreements are 5.0 years.

Goodwill of $116,393,000, was assigned to the Retail and Services Divisions in the amounts of $57,423,000 and $58,970,000, respectively. Of the total goodwill of $116,393,000, $91,303,000 is currently deductible for income tax purposes. The remaining $25,090,000 relates to the earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2010 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2010 included in the Consolidated Statement of Income for the twelve months ended December 31, 2010 were $30,172,000 and $3,255,000, respectively. If the acquisitions had occurred as of the beginning of the comparable prior annual reporting period, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31, 2010	2009
Total revenues	$1,015,043	$1,035,286
Income before income taxes	$ 278,635	$ 274,908
Net income	$ 169,373	$ 165,420
Net income per share:		
Basic	$ 1.19	$ 1.17
Diluted	$ 1.18	$ 1.16
Weighted average number of shares outstanding:		
Basic	137,924	137,173
Diluted	139,318	137,507

For acquisitions consummated prior to January 1, 2009, additional consideration paid to sellers as a result of purchase price "earn-out" provisions are recorded as adjustments to intangible assets when the contingencies are settled. The net additional consideration paid by the Company in 2011 as a result of these adjustments totaled $4,190,000, all of which was allocated to goodwill. Of the $4,190,000 net additional consideration paid, $3,781,000 was paid in cash and $409,000 was issued in notes payable. The net additional consideration paid by the Company in 2010 as a result of these adjustments totaled $4,037,000, all of which was allocated to goodwill. Of the $4,037,000 net additional consideration paid, $975,000 was paid in cash and $3,062,000 was issued in notes payable.

As of December 31, 2011, the maximum future contingency payments related to all acquisitions totaled $132,516,000, of which $5,098,000 relates to acquisitions consummated prior to January 1, 2009 and $127,418,000 relates to acquisitions consummated subsequent to January 1, 2009.

ASC Topic 805—Business Combinations is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase price for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations will be recorded in the consolidated statement of income when incurred. Potential earn-out obligations are typically based upon future earnings of the acquired entities, usually between one and three years.

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As of December 31, 2011, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting additions, payments, net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2011, 2010, and 2009, were as follows (in thousands):

(in thousands)	2011	2010	2009
Balance as of January 1	$ 29,608	$ 7,354	$ —
Additions to estimated acquisition earn-out payables	30,525	25,090	7,226
Payments for estimated acquisition earn-out payables	(10,212)	(1,162)	—
Net change in earnings from estimated acquisition earn-out payables:			
Change in fair value on estimated acquisition earn-out payables	(4,043)	(2,606)	—
Interest expense accretion	1,837	932	128
Net change in earnings from estimated acquisition earn-out payables	(2,206)	(1,674)	—
Balance as of December 31	$ 47,715	$29,608	$7,354

Of the $47,715,000 estimated acquisition earn-out payables as of December 31, 2011, $3,654,000 was recorded as accounts payable and $44,061,000 was recorded as other non-current liability. Of the $29,609,000 estimated acquisition earn-out payables as of December 31, 2010, $7,651,000 was recorded as accounts payable and $21,958,000 was recorded as other non-current liability.

NOTE 3 Goodwill

The changes in the carrying value of goodwill by operating segment for the years ended December 31, are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Service	Total
Balance as of January 1, 2010	$656,108	$152,601	$256,418	$ 9,270	$1,074,397
Goodwill of acquired businesses	60,518	—	942	58,970	120,430
Balance as of December 31, 2010	716,626	152,601	257,360	68,240	1,194,827
Goodwill of acquired businesses	112,610	11,853	—	8,071	132,534
Goodwill transferred	(1,771)	—	1,771	—	—
Goodwill disposed of relating to sales of businesses	(3,892)	—	—	—	(3,892)
Balance as of December 31, 2011	$823,573	$164,454	$259,131	$76,311	$1,323,469

NOTE 4 Amortizable Intangible Assets

Amortizable intangible assets at December 31 consisted of the following:

	2011				2010			
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)
Purchased customer accounts	$876,552	$ (381,615)	$494,937	14.9	$811,143	$ (330,627)	$480,516	14.9
Non-compete agreements	25,291	(24,046)	1,245	7.2	25,181	(23,797)	1,384	7.3
Total	$901,843	$ (405,661)	$496,182		$836,324	$ (354,424)	$481,900	

Amortization expense recorded for amortizable intangible assets for the years ended December 31, 2011, 2010 and 2009 was $54,755,000, $51,442,000 and $49,857,000, respectively.

Amortization expense for amortizable intangible assets for the years ending December 31, 2012, 2013, 2014, 2015 and 2016 is estimated to be $56,337,000, $55,437,000, $54,282,000, $52,949,000, and $48,364,000, respectively.

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NOTE 5 Investments

Investments, which have been classified as ASC 805 Level 1 securities, at December 31 consisted of the following:

(in thousands)	2011 Carrying Value Current	2011 Carrying Value Non-Current	2010 Carrying Value Current	2010 Carrying Value Non-Current
Available-for-sale equity securities	$ 36	$ —	$ 36	$ —
Certificates of deposit and other securities	7,591	516	7,642	517
Total investments	$7,627	$ 516	$7,678	$ 517

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

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities:				
2011	$25	$ 11	—	$ 36
2010	$25	$ 11	—	$ 36

The following table summarizes the proceeds and realized gains/(losses) on equity securities and certificates of deposit for the years ended December 31:

(in thousands)	Proceeds	Gross Realized Gains	Gross Realized Losses
2011	$12,950	$ 124	$ —
2010	$ 9,327	$ 6	$ —
2009	$10,828	$ —	$ (299)

NOTE 6 Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2011	2010
Furniture, fixtures and equipment	$131,436	$125,963
Leasehold improvements	17,045	16,151
Land, buildings and improvements	438	438
Total cost	148,919	142,552
Less accumulated depreciation and amortization	(87,559)	(82,839)
Total	$ 61,360	$ 59,713

Depreciation and amortization expense for fixed assets amounted to $12,392,000 in 2011, $12,639,000 in 2010, and $13,240,000 in 2009.

NOTE 7 Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at December 31 consisted of the following:

(in thousands)	2011	2010
Accrued bonuses	$ 47,585	$ 43,896
Accrued compensation and benefits	16,818	16,040
Accrued rent and vendor expenses	11,554	10,445
Reserve for policy cancellations	6,396	5,559
Accrued interest	3,288	4,727
Other	15,224	14,280
Total	$ 100,865	$ 94,947

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NOTE 8 Long-Term Debt

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

(in thousands)	2011	2010
Unsecured Senior Notes	$250,000	$250,000
Acquisition notes payable	1,260	1,729
Revolving credit facility	—	—
Other notes payable	—	—
Total debt	251,260	251,729
Less current portion	(1,227)	(1,662)
Long-term debt	$250,033	$250,067

In July 2004, the Company completed a private placement of $200.0 million of unsecured senior notes (the “Notes”). The $200.0 million is divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million was due in 2011 and bore interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. Brown & Brown has used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2011 and 2010, there was an outstanding balance on the Notes of $100.0 million and $200.0 million, respectively.

On December 22, 2006, the Company entered into a Master Shelf and Note Purchase Agreement (the “Master Agreement”) with a national insurance company (the “Purchaser”). On September 30, 2009, the Company and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by the Company in 2004. The Master Agreement provides for a $200.0 million private uncommitted “shelf” facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, pursuant to a Confirmation of Acceptance dated January 21, 2011 (the “Confirmation”), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose to retire the Series A Senior Notes. As of December 31, 2011, and December 31, 2010, there was an outstanding debt balance issued under the provisions of the Master Agreement of $150.0 million and $50.0 million, respectively.

In accordance with ASC Topic 470 – Debt, the Company classified the related principal balance of the Series A Senior Notes as long-term debt as of December 31, 2010, as the Company had both the intent and ability to refinance the obligation on a long-term basis, as evidenced by the Confirmation.

On June 12, 2008, the Company entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the “Prior Loan Agreement”), with a national banking institution, amending and restating the existing Revolving Loan Agreement dated September 29, 2003, as amended (the “Revolving Agreement”), to increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013.

The calculation of interest and fees is generally based on the Company’s quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization, and non-cash stock-based compensation. Interest is charged at a rate equal to 0.50% to 1.00% above the London Interbank Offering Rate (“LIBOR”) or 1.00% below the base rate, each as more fully defined in the Loan Agreement. Fees include an upfront fee, an availability fee of 0.10% to 0.20%, and a letter of credit usage fee of 0.50% to 1.00%. The Loan Agreement contains various covenants, limitations, and events of default customary for similar facilities for similar borrowers. The 90-day LIBOR was 0.581% and 0.300% as of December 31, 2011, and December 31, 2010, respectively. There were no borrowings against this facility at December 31, 2011, or December 31, 2010. See Note 16—Subsequent Events for a discussion of the Company entering into certain credit agreements in January 2012.

All three of these credit agreements require Brown & Brown to maintain certain financial ratios and comply with certain other covenants. Brown & Brown was in compliance with all such covenants as of December 31, 2011 and 2010.

Acquisition notes payable represent debt incurred to former owners of certain insurance operations acquired by Brown & Brown. These notes and future contingent payments are payable in monthly, quarterly and annual installments through July 2013.

Interest paid in 2011, 2010 and 2009 was $15,571,000, $14,491,000 and $14,636,000, respectively.

At December 31, 2011, maturities of long-term debt were $1,227,000 in 2012, $33,000 in 2013, $100,000,000 in 2014, $25,000,000 in 2015, $25,000,000 in 2016 and $100,000,000 in 2017 and beyond.

NOTE 9 Income Taxes

Significant components of the provision (benefit) for income taxes for the years ended December 31 are as follows:

(in thousands)	2011	2010	2009
Current:			
Federal	$ 65,461	$ 70,715	$ 62,547
State	10,084	10,236	10,730
Foreign	638	860	286
Total current provision	76,183	81,811	73,563
Deferred:			
Federal	27,212	19,890	24,913
State	3,131	2,645	2,984
Total deferred provision	30,343	22,535	27,897
Total tax provision	$106,526	$104,346	$101,460

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the years ended December 31 is as follows:

	2011	2010	2009
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.5	3.5	4.0
Non-deductible employee stock purchase plan expense	0.3	0.3	0.4
Non-deductible meals and entertainment	0.3	0.3	0.3
Interest exempt from taxation and dividend exclusion	—	—	(0.1)
Other, net	0.3	0.1	0.2
Effective tax rate	39.4%	39.2%	39.8%

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 Brown & Brown’s current deferred tax assets as of December 31 are as follows:

(in thousands)	2011	2010
Current deferred tax assets:		
Deferred profit-sharing contingent commissions	$11,124	$12,274
Accruals and reserves	8,739	7,802
Total current deferred tax assets	$19,863	$20,076

Significant components of Brown & Brown's non-current deferred tax liabilities and assets as of December 31 are as follows:

(in thousands)	2011	2010
Non-current deferred tax liabilities:		
Fixed assets	$ 11,400	$ 9,263
Net unrealized holding gain of available-for-sale securities	4	4
Prepaid insurance and pension	3,123	28
Intangible assets	176,459	146,815
Total non-current deferred tax liabilities	190,986	156,110
Non-current deferred tax assets:		
Deferred compensation	11,341	8,232
Accruals and reserves	—	—
Net operating loss carryforwards	2,071	1,721
Valuation allowance for deferred tax assets	(478)	(325)
Total non-current deferred tax assets	12,934	9,628
Net non-current deferred tax liability	$178,052	$146,482

Income taxes paid in 2011, 2010 and 2009 were $75,403,000, $69,828,000, and $76,373,000, respectively.

At December 31, 2011, Brown & Brown had net operating loss carryforwards of $295,000 and $40,915,000 for federal and state income tax reporting purposes, respectively, portions of which expire in the years 2012 through 2031. The federal carryforward is derived from insurance operations acquired by Brown & Brown in 2001. The state carryforward is derived from the operating results of certain subsidiaries.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands)	2011	2010	2009
Unrecognized tax benefits balance at January 1	$ 656	$ 635	$ 611
Gross increases for tax positions of prior years	257	229	489
Gross decreases for tax positions of prior years	—	—	(274)
Settlements	(107)	(208)	(182)
Lapse of statute of limitations	—	—	(9)
Unrecognized tax benefits balance at December 31	$ 806	$ 656	$ 635

We recognize interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2011 and 2010, we had approximately $188,000 and $140,000 of accrued interest related to uncertain tax positions, respectively.

Total amount of unrecognized tax benefits that would affect our effective tax rate if recognized is $806,000 as of December 31, 2011 and $656,000 as of December 31, 2010. We do not expect our unrecognized tax benefits to change significantly over the next 12 months.

As a result of a 2006 Internal Revenue Service ("IRS") audit, we agreed to accrue at each December 31, for tax purposes only, a known amount of profit-sharing contingent commissions represented by the actual amount of profit-sharing contingent commissions received in the first quarter of the related year, with a true-up adjustment to the actual amount received by the end of the following March 31. Since this method for tax purposes differs from the method used for book purposes, it will result in a current deferred tax asset as of December 31 each year with that balance reversing by the following March 31 when the related profit-sharing contingent commissions are recognized for financial accounting purposes.

The Company is subject to taxation in the United States and various state jurisdictions. The Company is also subject to taxation in the United Kingdom. In the United States, federal returns for fiscal years 2008 through 2011 remain open and subject to examination by the Internal Revenue Service. The Company files and remits state income taxes in various states where the Company has determined it is required to file state income taxes. The Company's filings with those states remain open for audit for the fiscal years 2007 through 2011. In the United Kingdom, the Company's filings remain open for audit for the fiscal years 2008 through 2011. The Company currently has no ongoing federal, state or foreign income tax audits.

NOTE 10 Employee Savings 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, Brown & Brown 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 of 1.5% of the employee's salary for all eligible employees. The Company's contributions to the plan totaled $11,866,000 in 2011, $11,376,000 in 2010, and $11,750,000 in 2009.

NOTE 11 Stock-Based Compensation

Performance Stock Plan

Brown & Brown has adopted and the shareholders have approved a performance stock plan, under which up to 14,400,000 Performance Stock Plan ("PSP") shares may be granted to key employees contingent on the employees' future years of service with Brown & Brown and other criteria established by the Compensation Committee of the Company's Board of Directors. Before participants may take full title to Performance Stock, two vesting conditions must be met. Of the grants currently outstanding, specified portions will satisfy the first condition for vesting based on 20% incremental increases in the 20-trading-day average stock price of Brown & Brown's common stock from the initial grant price specified by Brown & Brown. Performance Stock that has satisfied the first vesting condition is considered "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS. Dividends are paid on awarded shares and participants may exercise voting privileges on such shares. Awarded shares satisfy the second condition for vesting on the earlier of a participant's: (i) 15 years of continuous employment with Brown & Brown from the date shares are granted to the participants (or, in the case of the July 2009 grant to Powell Brown, 20 years); (ii) attainment of age 64; or (iii) death or disability. On April 28, 2010, the PSP was suspended and any remaining authorized but unissued shares, as well as any shares forfeited in the future, will be reserved for issuance under the 2010 Stock Incentive Plan (the "SIP").

At December 31, 2011, 7,113,819 shares had been granted under the PSP at initial stock prices ranging from $1.90 to $30.55. As of December 31, 2011, 1,586,543 shares have not met the first condition for vesting, 3,345,269 shares met the first condition for vesting and had been awarded, and 2,182,007 shares satisfied both conditions for vesting and had been distributed to the participants.

The Company uses a path-dependent lattice model to estimate the fair value of PSP grants on the grant date.

A summary of PSP activity for the years ended December 31, 2011, 2010 and 2009 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2009	$ 7.21	7,822,076	4,629,221	3,192,855
Granted	$ 11.80	389,580	—	389,580
Awarded	$ —	—	—	—
Vested	$ 6.05	(73,860)	(73,860)	—
Forfeited	$ 10.42	(379,249)	(131,925)	(247,324)
Outstanding at December 31, 2009	$ 7.39	7,758,547	4,423,436	3,335,111
Granted	$ 9.67	384,420	—	384,420
Awarded	$ 9.49	—	474,113	(474,113)
Vested	$ 2.02	(1,388,789)	(1,388,789)	—
Forfeited	$ 7.91	(962,324)	(117,241)	(845,083)
Outstanding at December 31, 2010	$ 7.32	5,791,854	3,391,519	2,400,335
Granted	$ —	—	—	—
Awarded	$ 9.56	—	447,154	(447,154)
Vested	$ 6.01	(106,490)	(106,490)	—
Forfeited	$ 9.48	(753,552)	(386,914)	(366,638)
Outstanding at December 31, 2011	$ 8.08	4,931,812	3,345,269	1,586,543

The weighted average grant-date fair value of PSP grants for years ended December 31, 2011, 2010 and 2009 was $ 0.00, $9.67, $11.80, respectively. The total fair value of PSP grants that vested during each of the years ended December 31, 2011, 2010 and 2009 was $2,384,000, $31,965,000 and $1,412,000, respectively.

Stock Incentive Plan

On April 28, 2010, the shareholders of Brown & Brown, Inc. approved the SIP that provides for the granting of stock options, stock and/or stock appreciation rights to employees and Board members contingent on criteria established by the Compensation Committee of the Company's Board of Directors. The principal purpose of the SIP is to attract, incentivize and retain key employees by offering those persons an opportunity to acquire or increase a direct proprietary interest in the Company's operations and future success. The SIP includes a sub-plan applicable to Decus Insurance Brokers Limited ("Decus") which, together with its parent company, Decus Holdings (U.K.) Limited, are the Company's only foreign subsidiaries. The shares of stock reserved for issuance under the SIP are any shares that are authorized to be issued under the PSP that are not already subject to grants under the PSP, and that were outstanding as of April 28, 2010, the date of suspension of the PSP, together with PSP shares and SIP shares that are forfeited after that date. As of April 28, 2010, 6,046,768 shares were available for issuance under the PSP, which were then transferred to the SIP. Stock grants under the SIP vest in six to ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated EPS growth at certain levels by the Company, over a five-year measurement period ending December 31, 2015.

In 2010, a grant of 187,040 shares was made under the SIP. This grant was conditioned upon the surrender of 187,040 shares previously granted under the PSP in 2009, which were accordingly treated as forfeited PSP shares. The vesting conditions of this grant were identical to those provided for in connection with the 2009 PSP grant; thus the target stock prices and the periods associated with satisfaction of the first and second conditions of vesting were unchanged. Additionally, grants totaling 5,205 shares were made in 2010 to Decus employees under the SIP sub-plan applicable to Decus.

In 2011, shares totaling 2,375,892 were granted under the SIP. Of this total, grants totaling 24,670 shares were made to Decus employees under the SIP sub-plan applicable to Decus. As of December 31, 2011, 37,408 shares met the first condition for vesting and had been awarded. At December 31, 2011, 4,808,124 shares are available for future grants, of which 2,261,307 of these shares are reserved for grants with PSP-type vesting conditions.

The Company uses the closing stock price on the day prior to the grant date to determine the fair value of SIP grants and then applies an estimated forfeiture factor to estimate the annual expense. Additionally, the Company uses the path-dependent lattice model to estimate the fair value of PSP-like grants as of the grant date. SIP shares that satisfied the first vesting condition for PSP-like grants or the established performance criteria are considered "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS. Dividends are paid on awarded shares and participants may exercise voting privileges on such shares.

A summary of SIP activity for the years ended December 31, 2011, 2010 and 2009 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2010	$ —	—	—	—
Granted	$ 12.62	192,245	—	192,245
Awarded	$ 12.62	—	38,449	(38,449)
Vested	$ —	—	—	—
Forfeited	$ —	—	—	—
Outstanding at December 31, 2010	$ 12.62	192,245	38,449	153,796
Granted	$ 23.94	2,375,892	—	2,375,892
Awarded	$ 11.41	—	(1,041)	1,041
Vested	$ —	—	—	—
Forfeited	$ 23.94	(90,080)	—	(90,080)
Outstanding at December 31, 2011	$ 23.06	2,478,057	37,408	2,440,649

Employee Stock Purchase Plan

The Company has a shareholder-approved Employee Stock Purchase Plan ("ESPP") with a total of 12,000,000 authorized shares and 2,297,258 available for future subscriptions. Employees of the Company who regularly work more than 20 hours per week are eligible to participate in the ESPP. Participants, through payroll deductions, may allot up to 10% of their compensation, to a maximum of $25,000, to purchase Company stock between August 1 of each year to the following July 31st (the "Subscription Period") at a cost of 85% of the lower of the stock price as of the beginning or ending of the Subscription Period.

The Company estimates the fair value of an ESPP share option as of the beginning of the Subscription Period as the sum of: (1) 15% of the quoted market price of the Company's stock on the day prior to the beginning of the Subscription Period, and (2) 85% of the value of a one-year stock option on the Company stock using the Black-Scholes option-pricing model. The estimated fair value of an ESPP share option as of the Subscription Period beginning in August 2011 was $4.27. The fair value of an ESPP share option as of the Subscription Periods beginning in August 2010 and 2009, was $4.01 and $5.78, respectively.

For the plan years ended July 31, 2011, 2010 and 2009, the Company issued 488,052, 500,334 and 579,104 shares of common stock in August 2011, 2010 and 2009, respectively. These shares were issued at an aggregate purchase price of $8,048,000 or $16.49 per share in 2011, $8,326,000 or $16.64 per share in 2010 and $9,358,000 or $16.16 per share in 2009.

For the five months ended December 31, 2011, 2010 and 2009 of the 2011-2012, 2010-2011 and 2009-2010 plan years, 230,481, 206,201, and 250,414 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by participants for proceeds of approximately $3,810,000, $3,400,000 and $3,826,000, respectively.

Incentive Stock Option Plan

On April 21, 2000, Brown & Brown adopted, and the shareholders approved, a qualified incentive stock option plan (the "ISOP") that provides for the granting of stock options to certain key employees for up to 4,800,000 shares of common stock. On December 31, 2008, the ISOP expired. The objective of the ISOP was to provide additional performance incentives to grow Brown & Brown's pre-tax income in excess of 15% annually. The options were granted at the most recent trading day's closing market price and vest over a one-to-10-year period, with a potential acceleration of the vesting period to three to six years based upon achievement of certain performance goals. All of the options expire 10 years after the grant date.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options on the grant date. The risk-free interest rate is based upon the U.S. Treasury yield curve on the date of grant with a remaining term approximating the expected term of the option granted. The expected term of the options granted is derived from historical data; grantees are divided into two groups based upon expected exercise behavior and are considered separately for valuation purposes. The expected volatility is based upon the historical volatility of the Company's common stock over the period of time equivalent to the expected term of the options granted. The dividend yield is based upon the Company's best estimate of future dividend yield.

A summary of stock option activity for the years ended December 31, 2011, 2010 and 2009 is as follows:

Stock Options	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term *(in years)*	Aggregate Intrinsic Value *(in thousands)*
Outstanding at January 1, 2009	2,475,015	$ 16.68	6.9	$ 22,587
Granted	—	—		
Exercised	(69,659)	$ 4.84		
Forfeited	(16,672)	$ 15.40		
Expired	—	—		
Outstanding at December 31, 2009	2,388,684	$ 17.03	6.1	$ 21,629
Granted	—	—		
Exercised	(313,514)	$ 13.13		
Forfeited	(200,000)	$ 18.48		
Expired	—	—		
Outstanding at December 31, 2010	1,875,170	$ 17.53	5.4	$ 17,147
Granted	—	—		
Exercised	(52,589)	$ 18.48		
Forfeited	(438,044)	$ 17.28		
Expired	—	—		
Outstanding at December 31, 2011	1,384,537	$ 17.58	4.4	$ 14,587
Ending vested and expected to vest at December 31, 2011	1,384,537	$ 17.58	4.4	$ 14,587
Exercisable at December 31, 2011	396,985	$ 18.16	5.4	$ 1,774
Exercisable at December 31, 2010	257,040	$ 17.92	6.0	$ 1,546
Exercisable at December 31, 2009	317,020	$ 12.68	2.4	$ 1,676

The following table summarizes information about stock options outstanding at December 31, 2011:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$15.78	479,592	1.2	$ 15.78	58,972	$ 15.78
$22.06	12,000	3.0	$ 22.06	9,068	$ 22.06
$18.48	892,945	6.2	$ 18.48	328,945	$ 18.48
Totals	1,384,537	4.4	$ 17.58	396,985	$ 18.16

The total intrinsic value of options exercised, determined as of the date of exercise, during the years ended December 31, 2011, 2010 and 2009 was $333,000, $2,344,000 and $948,000, respectively. The total intrinsic value is calculated as the difference between the exercise price of all underlying awards and the quoted market price of the Company's stock for all in-the-money stock options at December 31, 2011, 2010 and 2009, respectively.

There are no option shares available for future grant under the ISOP since this plan expired as of December 31, 2008.

Summary of Non-Cash Stock-Based Compensation Expense

The non-cash stock-based compensation expense for the years ended December 31 is as follows:

(in thousands)	2011	2010	2009
Stock Incentive Plan	$ 5,320	$ 60	$ —
Performance Stock Plan	2,661	2,836	2,878
Employee Stock Purchase Plan	2,126	2,511	2,878
Incentive Stock Option Plan	1,087	1,438	1,602
Total	$11,194	$6,845	$7,358

Summary of Unrecognized Compensation Expense

As of December 31, 2011, there was approximately $65.0 million of unrecognized compensation expense related to all non-vested share-based compensation arrangements granted under the Company's stock-based compensation plans. That expense is expected to be recognized over a weighted-average period of 9.2 years.

NOTE 12 Supplemental Disclosures of Cash Flow Information

Brown & Brown's significant non-cash investing and financing activities for the years ended December 31 are summarized as follows:

(in thousands)	2011	2010	2009
Unrealized holding gain (loss) on available-for-sale securities, net of tax effect of $0 for 2011, net of tax effect of $1 for 2010 and net of tax benefit of $5 for 2009	—	2	(8)
Notes payable issued or assumed for purchased customer accounts	$ 1,603	$ 3,821	$22,645
Estimated acquisition earn-out payables and related charges	$30,525	$25,090	$ 7,226
Notes received on the sale of fixed assets and customer accounts	$ 8,166	$ 1,825	$ (958)

NOTE 13 Commitments and Contingencies

Operating Leases

Brown & Brown leases facilities and certain items of office equipment under non-cancelable operating lease arrangements expiring on various dates through 2022. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. Brown & Brown anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 2011, the aggregate future minimum lease payments under all non-cancelable lease agreements were as follows:

(in thousands)	
2012	$ 25,176
2013	21,712
2014	19,159
2015	15,790
2016	12,182
Thereafter	15,338
Total minimum future lease payments	$109,357

Rental expense in 2011, 2010 and 2009 for operating leases totaled $34,951,000, $35,216,000, and $37,598,000, respectively.

Legal Proceedings

We generally record losses for claims in excess of the limits of insurance in earnings at the time and to the extent they are probable and estimable. In accordance with ASC Topic 450 - *Contingencies*, we accrue anticipated costs of settlement, damages, losses for general liability claims and, under certain conditions, costs of defense, based on historical experience or to the extent specific losses are probable and estimable. Otherwise, we expense these costs as incurred. If the estimate of a probable loss is a range and no amount within the range is more likely, we accrue the minimum amount of the range.

Our accruals for legal matters that are probable and estimable were not material at December 31, 2011 and 2010, and included estimated costs of settlement, damages and defense. We continue to assess certain litigation and claims to determine the amounts, if any, that management believes will be paid as a result of such claims and litigation and, therefore, additional losses may be accrued and paid in the future, which could adversely impact our operating results, cash flows and overall liquidity. The Company maintains third-party insurance policies to provide certain coverage against adverse legal claims, which is done to try to mitigate our overall exposure to unanticipated claims or adverse decisions. However, as (i) one or more of the Company's insurance carriers could take the position that portions of these claims are not covered by the Company's insurance, (ii) to the extent that payments are made to resolve claims and lawsuits, applicable insurance policy limits are eroded and (iii) the claims and lawsuits relating to these matters are continuing to develop, it is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavorable resolutions of these matters. Management has assessed the A. M. Best ratings of these third-party insurers and does not believe there is a substantial risk of an insurer's material nonperformance related to any current insured claims.

On the basis of present information, availability of insurance and legal advice, in management's opinion, we are not currently involved in any legal proceedings which, individually or in the aggregate, would have a material effect on our financial condition, operations and/or cash flows.

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NOTE 14 Quarterly Operating Results (Unaudited)

Quarterly operating results for 2011 and 2010 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Total revenues	$262,228	$246,816	$260,401	$244,097
Total expenses	$185,558	$185,348	$187,709	$184,406
Income before income taxes	$ 76,670	$ 61,468	$ 72,692	$ 59,691
Net income	$ 46,293	$ 37,035	$ 44,173	$ 36,494
Net income per share:				
Basic	$ 0.32	$ 0.26	$ 0.31	$ 0.25
Diluted	$ 0.32	$ 0.26	$ 0.30	$ 0.25
2010				
Total revenues	$252,273	$243,665	$247,616	$229,938
Total expenses	$179,189	$175,652	$174,582	$177,971
Income before income taxes	$ 73,084	$ 68,013	$ 73,034	$ 51,967
Net income	$ 44,128	$ 41,185	$ 44,293	$ 32,146
Net income per share:				
Basic	$ 0.31	$ 0.29	$ 0.31	$ 0.23
Diluted	$ 0.31	$ 0.29	$ 0.31	$ 0.22

Quarterly financial information is affected by seasonal variations. The timing of profit-sharing contingent commissions, policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly between quarters.

NOTE 15 Segment Information

Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers; the National Programs Division, which is comprised of two units: Professional Programs which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and Special Programs, which markets targeted products and services designed for specific industries, trade groups, public and quasi-public entities, and market niches; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial and personal lines insurance, and reinsurance, primarily through independent agents and brokers; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services and Social Security disability and Medicare benefits advocacy services. Brown & Brown conducts all of its operations within the United States of America, except for one wholesale brokerage operation based in London, England which commenced business in March 2008. This operation earned $9.1 million, $9.9 million and $6.6 million of total revenues for the years ended December 31, 2011, 2010 and 2009, respectively. Long-lived assets held outside of the United States during each of the last three years were not material.

The accounting policies of the reportable segments are the same as those described in Note 1. Brown & Brown evaluates the performance of its segments based upon revenues and income before income taxes. Inter-segment revenues are eliminated.

Summarized financial information concerning Brown & Brown's reportable segments is shown in the following table. The "Other" column includes any income and expenses not allocated to reportable segments and corporate-related items, including the inter-company interest expense charge to the reporting segment.

	Year Ended December 31, 2011					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 607,199	$181,277	$157,308	$ 65,972	$ 1,786	$1,013,542
Investment income	$ 102	$ —	$ 34	$ 128	$ 1,003	$ 1,267
Amortization	$ 33,373	$ 8,630	$ 10,172	$ 2,541	$ 39	$ 54,755
Depreciation	$ 5,046	$ 2,994	$ 2,537	$ 590	$ 1,225	$ 12,392
Interest expense	$ 27,688	$ 1,794	$ 7,082	$ 5,746	$ (28,178)	$ 14,132
Income before income taxes	$ 137,807	$ 67,588	$ 29,388	$ 7,729	$ 28,009	$ 270,521
Total assets	$2,155,413	$734,423	$658,040	$166,060	$(1,106,925)	$2,607,011
Capital expenditures	$ 6,102	$ 2,079	$ 2,547	$ 689	$ 2,191	$ 13,608

(in thousands)	Year Ended December 31, 2010 Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 575,061	$189,165	$158,699	$ 46,447	$ 4,120	$ 973,492
Investment income	$ 170	$ 1	$ 29	$ 15	$ 1,111	$ 1,326
Amortization	$ 30,725	$ 9,213	$ 10,201	$ 1,264	$ 39	$ 51,442
Depreciation	$ 5,349	$ 3,049	$ 2,695	$ 352	$ 1,194	$ 12,639
Interest expense	$ 27,037	$ 3,242	$ 10,770	$ 2,592	$ (29,170)	$ 14,471
Income before income taxes	$ 128,026	$ 74,941	$ 25,234	$ 7,693	$ 30,204	$ 266,098
Total assets	$1,914,587	$667,123	$631,344	$145,321	$(957,561)	$2,400,814
Capital expenditures	$ 4,852	$ 2,432	$ 1,838	$ 419	$ 913	$ 10,454

(in thousands)	Year Ended December 31, 2009 Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 583,374	$190,593	$158,341	$ 32,743	$ 2,826	$ 967,877
Investment income	$ 282	$ 3	$ 62	$ 23	$ 791	$ 1,161
Amortization	$ 29,943	$ 9,175	$ 10,239	$ 462	$ 38	$ 49,857
Depreciation	$ 6,060	$ 2,725	$ 2,894	$ 333	$ 1,228	$ 13,240
Interest expense	$ 31,596	$ 5,365	$ 14,289	$ 668	$ (37,319)	$ 14,599
Income before income taxes	$ 121,769	$ 70,436	$ 17,030	$ 6,996	$ 38,523	$ 254,754
Total assets	$1,764,249	$627,392	$618,704	$ 47,829	$(833,948)	$2,224,226
Capital expenditures	$ 3,459	$ 4,318	$ 3,201	$ 160	$ 172	$ 11,310

NOTE 16 Subsequent Event

On January 9, 2012, Brown & Brown acquired all of the stock of the parent company of Arrowhead General Insurance Agency, Inc. ("Arrowhead"), a national insurance program manager and one of the largest managing general agents ("MGA") in the property and casualty insurance industry. The aggregate purchase price for Arrowhead was $580,767,000, including $397,531,000 of cash payments, the assumption of $178,904,000 of liabilities and $4,332,000 of recorded earn-out payables. Arrowhead was acquired primarily to expand Brown & Brown's National Programs and Services businesses, and to attract and hire high-quality individuals.

The Arrowhead acquisition will be accounted for as business combination as follows:

(in thousands)

Name	2012 Date of Acquisition	Cash Paid	Note Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Arrowhead	January 9	$397,531	$ —	$ 4,332	$401,863	$ 5,000

The following table summarizes the preliminary estimated fair values of Arrowhead's aggregate assets and liabilities acquired:

(in thousands)	Arrowhead
Cash	$ 61,221
Other current assets	68,439
Fixed assets	4,751
Goodwill	304,974
Purchased customer accounts	126,431
Non-compete agreements	100
Other assets	14,851
Total assets acquired	580,767
Other current liabilities	(126,095)
Deferred income taxes, net	(52,809)
Total liabilities assumed	(178,904)
Net assets acquired	$ 401,863

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts are 15.0 years, and noncompete agreements are 5.0 years.

If the Arrowhead acquisition had occurred as of January 1, 2011, the Company's estimated results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the Arrowhead acquisition actually been made as of January 1, 2011.

(UNAUDITED) ***(in thousands, except per share data)***	**For the Year Ended December 31, 2011**
Total revenues	$1,121,886
Income before income taxes	$ 287,720
Net income	$ 174,143
Net income per share:	
Basic	$ 1.22
Diluted	$ 1.20
Weighted average number of shares outstanding:	
Basic	138,582
Diluted	140,264

On January 9, 2012, in conjunction with the Arrowhead acquisition, the Company entered into: (1) an amended and restated revolving and term loan credit agreement (the "SunTrust Agreement") with SunTrust Bank ("SunTrust") that provided for (a) a $100.0 million term loan (the "SunTrust Term Loan") and (b) a $50.0 million revolving line of credit (the "SunTrust Revolver") and (2) a $50.0 million promissory note (the "JPM Note") in favor of JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, the "JPM Agreement") that provided for a $50.0 million uncommitted line of credit bridge facility (the "JPM Bridge Facility"). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the acquisition. The SunTrust Agreement amends and restates the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available for each to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver, respectively). The calculation of interest and fees for the SunTrust Agreement is generally based on the Company's funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. Initially, until the Company's March 31, 2012 quarter end, the applicable margin for LIBOR advances is 1.00%, the availability fee is 0.175%, and the letter of credit margin fee is 1.00%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. Interest was charged at a rate equal to the CB Floating Rate. The JPM Bridge Facility was unsecured and included various agreements, limitations and events of default that are customary for similar facilities for similar borrowers.

On January 26, 2012, the Company entered into a term loan agreement (the "JPM Agreement") with JPMorgan that provided for a $100.0 million term loan (the "JPM Term Loan"). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) JPM Bridge Facility and (2) SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility has been terminated and the SunTrust Revolver's amount outstanding was brought to zero prior to making subsequent advances thereunder.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the accompanying consolidated balance sheets of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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, such consolidated financial statements present fairly, in all material respects, the financial position of Brown & Brown, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 29, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the internal control over financial reporting of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Balcos Insurance, Inc., United Benefit Services Insurance Agency LLC et al., Fitzharris Agency, Inc. et al, Public Employee Benefits Solution, LLC, Sitzmann, Morris & Lavis Insurance Agency, Inc. et al., Snapper Shuler Kenner, Inc. et al, Industry Consulting Group, Inc. and Colonial Claims Corporation et al (collectively the "2011 Excluded Acquisitions"), which were acquired during 2011 and whose financial statements constitute 6.7% and 5.5% of net and total assets, respectively, 1.8% of revenues, and 2.7% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting of the 2011 Excluded Acquisitions. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011of the Company and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 29, 2012

Management's Report on Internal Control Over Financial Reporting

The management of Brown & Brown, Inc. and its subsidiaries ("Brown & Brown") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including Brown & Brown's principal executive officer and principal financial officer, Brown & Brown conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In conducting Brown & Brown's evaluation of the effectiveness of its internal control over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2011: Balcos Insurance, Inc., United Benefit Services Insurance Agency LLC et al., Fitzharris Agency, Inc. et al, Public Employee Benefits Solution, LLC, Sitzmann, Morris & Lavis Insurance Agency, Inc. et al., Snapper Shuler Kenner, Inc. et al, Industry Consulting Group, Inc. and Colonial Claims Corporation et al (collectively the "2011 Excluded Acquisitions"), which were acquired during 2011 and whose financial statements constitute 6.7% and 5.5% of net and total assets, respectively, 1.8% of revenues, and 2.7% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Refer to Note 2 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Based on Brown & Brown's evaluation under the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, management concluded that internal control over financial reporting was effective as of December 31, 2011. Management's internal control over financial reporting as of December 31, 2011 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Brown & Brown, Inc.
Daytona Beach, Florida
February 29, 2012

/s/ J. Hyatt Brown	/s/ Cory T. Walker
J. Hyatt Brown	Cory T. Walker
Acting Chief Executive Officer	Chief Financial Officer

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

There were no changes in or disagreements with accountants on accounting and financial disclosure in 2011.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15 and 15d-15 under the Exchange Act ("Disclosure Controls") as of December 31, 2011. Based on the Evaluation, our CEO and CFO concluded that the design and operation of our Disclosure Controls were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our senior management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

In conducting Brown & Brown's evaluation of the effectiveness of its internal controls over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2011: Balcos Insurance, Inc., United Benefit Services Insurance Agency LLC et al., Fitzharris Agency, Inc. et al, Public Employee Benefits Solution, LLC, Sitzmann, Morris & Lavis Insurance Agency, Inc. et al., Snapper Shuler Kenner, Inc. et al, Industry Consulting Group, Inc. and Colonial Claims Corporation et al (collectively the "2011 Excluded Acquisitions"), which were acquired during 2011 and whose financial statements constitute 6.7% and 5.5% of net and total assets, respectively, 1.8% of revenues, and 2.7% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Refer to Note 2 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Changes in Internal Controls

There has not been any change in our internal control over financial reporting identified in connection with the Evaluation that occurred during the quarter ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, those controls.

Inherent Limitations of Internal Control Over Financial Reporting

Our management, including our principal executive officer and principal financial officer, does not expect that our Disclosure Controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Exhibits 31.1 and 31.2 are the Certifications of the acting CEO and the CFO, respectively. The Certifications are required in accordance with Section 302 of Sarbanes-Oxley (the "Section 302 Certifications"). This Item 9A is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

ITEM 9B. Other Information.

None

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The information required by this item regarding directors and executive officers is incorporated herein by reference to our definitive Proxy Statement to be filed with the SEC in connection with the Annual Meeting of Shareholders to be held in 2012 (the "2012 Proxy Statement") under the headings "Management" and "Section 16(a) Beneficial Ownership Reporting." We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, and controller. A copy of our Code of Ethics for our Chief Executive Officer and our Senior Financial Officers and a copy of our Code of Business Conduct and Ethics applicable to all employees are posted on our Internet website, at www.bbinsurance.com, and are also available upon written request directed to Corporate Secretary, Brown & Brown, Inc., 3101 West Martin Luther King Jr. Blvd., Suite 400, Tampa, Florida 33607, or by telephone request to (813) 222-4277. Any amendments to, or waiver from, any provision of the Code of Business Conduct and Ethics will be posted on our website at the above address.

ITEM 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the 2012 Proxy Statement under the heading "Executive Compensation."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated herein by reference to the 2012 Proxy Statement under the heading "Security Ownership of Management and Certain Beneficial Owners."

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to the 2012 Proxy Statement under the heading "Management — Certain Relationships and Related Transactions."

ITEM 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to the 2012 Proxy Statement under the heading "Fees Paid to Deloitte & Touche LLP."

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PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

The following documents are filed as part of this Report:

1. (a) Financial statements

Reference is made to the information set forth in Part II, Item 8 of this Report, which information is incorporated by reference.

2. Consolidated Financial Statement Schedules.

All required Financial Statement Schedules are included in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

3. Exhibits

The following exhibits are filed as a part of this Report:

3.1	Articles of Amendment to Articles of Incorporation (adopted April 24, 2003) (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 2003), and Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 1999).
3.2	Bylaws (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 2002).
10.1(a)	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), as amended by Letter Agreement dated June 26, 1995; First Amendment to Lease dated August 2, 1999; Second Amendment to Lease dated December 11, 2001; Third Amendment to Lease dated August 8, 2002; Fourth Amendment to Lease dated October 26, 2004 (incorporated by reference to Exhibit 10.2(a) to Form 10-K for the year ended December 31, 2005); Fifth Amendment to Lease dated 2006 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2010); and Sixth Amendment to Lease dated August 17, 2009 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2010).
10.1(b)	Lease Agreement for office space at 3101 W. Martin Luther King, Jr. Blvd., Tampa, Florida, dated July 1, 2004 and effective May 9, 2005, between Highwoods/Florida Holdings, L.P., as landlord and the Registrant, as tenant (incorporated by reference to Exhibit 10.2(b) to Form 10-K for the year ended December 31, 2005).
10.1(c)	Lease Agreement for office space at Riedman Tower, Rochester, New York, dated December 31, 2005, between Riedman Corporation, as landlord, and a subsidiary of the Registrant, as tenant (incorporated by reference to Exhibit 10.2(c) to Form 10-K for the year ended December 31, 2005), as amended by Amendment to Lease Agreement dated December 31, 2010 (incorporated by reference to Exhibit 10.1(c) to Form 10-K for the year ended December 31, 2010).
10.2	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).
10.3	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).
10.4(a)	Employment Agreement, dated and effective as of July 1, 2009 between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2009).
10.4(b)	Employment Agreement, dated as of October 8, 1996, between the Registrant and J. Powell Brown (incorporated by reference to Exhibit 10.4(c) to Form 10-K for the year ended December 31, 2007).
10.4(c)	Employment Agreement, dated as of August 1, 1994, between the Registrant and Cory T. Walker (incorporated by reference to Exhibit 10.4(f) to Form 10-K for the year ended December 31, 2009).
10.4(d)	Separation Agreement and Release dated January 12, 2011 between the Registrant and Thomas E. Riley (incorporated by reference to Exhibit 10.1 to Form 8-K filed January 19, 2011).
10.4(e)	Employment Agreement, dated as of November 7, 1997, between the Registrant and J. Scott Penny.

10.4(f)	Employment Agreement, dated as of January 12, 1998, between the Registrant and C. Roy Bridges, as amended by the amendment effective May 10, 2011 (incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended March 31, 2011).
10.4(g)	Performance Cash Incentive Award Agreement between the Registrant and C. Roy Bridges dated May 10, 2011 (incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2011).
10.5	Registrant's 2000 Incentive Stock Option Plan for Employees (incorporated by reference to Exhibit 4 to Registration Statement No. 333-43018 on Form S-8 filed on August 3, 2000).
10.6(a)	Registrant's Stock Performance Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-14925 on Form S-8 filed on October 28, 1996).
10.6(b)	Registrant's Stock Performance Plan as amended, effective January 23, 2008 (incorporated by reference to Exhibit 10.6(b) to Form 10-K for the year ended December 31, 2007).
10.6(c)	Registrant's Stock Performance Plan as amended, effective July 21, 2009 (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2009).
10.7	Registrant's 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2010).
10.8	Note Purchase Agreement, dated as of July 15, 2004, among the Registrant and the listed purchasers of the 5.57% Series A Senior Notes due September 15, 2011 and 6.08% Series B Senior Notes due July 15, 2014 (incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 2004).
10.9	First Amendment to Amended and Restated Revolving and Term Loan Agreement dated and effective July 15, 2004, by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 4.2 to Form 10-Q for the quarter ended June 30, 2004).
10.10	Amended and Restated Revolving and Term Loan Agreement dated as of January 3, 2001 by and among the Registrant and SunTrust Bank (incorporated by reference to Exhibit 4a to Form 10-K for the year ended December 31, 2000).
10.11	Master Shelf and Note Purchase Agreement Dated as of December 22, 2006, by and among the Registrant and Prudential Investment Management, Inc. and certain Prudential affiliates as purchasers of the 5.66% Series C Senior Notes due December 22, 2016 (incorporated by reference to Exhibit 10.14 to Form 10-K for the year ended December 31, 2006).
10.11(a)	Letter Amendment dated September 30, 2009, to the Master Shelf and Note Purchase Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K filed October 5, 2009).
10.11(b)	Confirmation of Acceptance dated January 21, 2011 (incorporated by reference to Exhibit 10.1 to Form 8-K filed January 27, 2011).
10.12	Second Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of December 22, 2006 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10.15 to Form 10-K for the year ended December 31, 2006).
10.13	Third Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of January 30, 2007 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10.17 to Form 10-K for the year ended December 31, 2006).
10.14	Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10.19 to Form 8-K filed June 18, 2008).
10.15	Form of Performance-Based Stock Grant Agreement under 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Form 10-K for the year ended December 31, 2010).
10.16	Merger Agreement, dated December 15, 2011, among the Registrant, Pacific Merger Corp., a wholly owned subsidiary of the Registrant, Arrowhead General Insurance Agency Superholding Corporation, and Spectrum Equity Investors V, L.P.
10.17	Amended and Restated Revolving and Term Loan Credit Agreement dated as of January 9, 2012 by and between the Registrant and SunTrust Bank.

10.18	Promissory Note dated January 9, 2012, by and between Registrant and JPMorgan Chase Bank, N.A.
10.19	Letter Agreement dated January 9, 2012 by and between Registrant and JPMorgan Chase Bank, N.A.
10.20	Term Loan Agreement dated as of January 26, 2012 by and between the Registrant and JPMorgan Chase Bank, N.A.
21	Subsidiaries of the Registrant.
23	Consent of Deloitte & Touche LLP.
24	Powers of Attorney.
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Acting Chief Executive Officer of the Registrant.
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer of the Registrant.
32.1	Section 1350 Certification by the Acting Chief Executive Officer of the Registrant.
32.2	Section 1350 Certification by the Chief Financial Officer of the Registrant.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

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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

Date: February 29, 2012

By: /s/ J. Hyatt Brown
J. Hyatt Brown
Acting Chief Executive Officer

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

Signature	Title	Date
/s/ J. Hyatt Brown J. Hyatt Brown	Chairman of the Board and Acting President and Chief Executive Officer (Principal Executive Officer)	February 29, 2012
/s/ Cory T. Walker Cory T. Walker	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	February 29, 2012
J. Powell Brown	President and Chief Executive Officer; Director (currently on temporary leave of absence)	February 29, 2012
* Samuel P. Bell, III	Director	February 29, 2012
* Hugh M. Brown	Director	February 29, 2012
* Bradley Currey, Jr.	Director	February 29, 2012
* Theodore J. Hoepner	Director	February 29, 2012
* Toni Jennings	Director	February 29, 2012
* Timothy R.M. Main	Director	February 29, 2012
* Wendell Reilly	Director	February 29, 2012
* John R. Riedman	Director	February 29, 2012
* Chilton D. Varner	Director	February 29, 2012

*By: /s/ LAUREL L. GRAMMIG
Laurel L. Grammig
Attorney-in-Fact

POE & BROWN, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered between **POE & BROWN, INC.**, hereinafter called the "Company" and J Scott Penny, hereinafter called "Employee".

1. Definitions. "Company" means Poe & 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 Poe & Brown, Inc. and, with respect to paragraphs 8 and 9 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 paragraph 9 hereof also means any company or business in which Employee has an equity interest or a controlling or managing interest.

2. Employment. The Company hereby employs or continues to employ Employee upon the terms and conditions set forth in this Agreement.

3. Term. The term of the Agreement shall be continuous until terminated by either party, except that termination shall be subject to the provisions of paragraph 7, below.

4. Extent of Duties. Employee shall work full time for the Company and shall also perform such duties as specified from time to time by the Company. During the term of Employee's employment under this Agreement, Employee shall not, directly or indirectly, engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or reinsurance, except for the account of the Company or as directed by the Company. Unless otherwise agreed, Employee shall devote all of Employee's productive time to duties outlined in this paragraph and shall not engage in any other gainful employment without written consent of the Company.

5. Compensation.

(a) If the Employee is a Producer, then the Company Producer Compensation System in effect and applicable at this time to the undersigned is the final determination of the compensation for the Employee. Employee acknowledges that Employee has read and understands the provisions of the System, and understands that the System may be changed at any time upon not less than 10 days written notice to Employee.

(b) If the Employee is not a Producer, then Employee's compensation shall be as agreed between Company and Employee from time to time.

6. Benefits. Employee shall be entitled to enjoy the same benefits as conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance, sick pay, paid vacation and employee discounts. Employee acknowledges that the applicable benefits have been explained to Employee. Employee understands that such benefits are provided by the Company at the Company's discretion and may be changed, increased, decreased or eliminated from time to time. Employee also understands that the Company reserves the right to approve business development and entertainment privileges on a case-by-case basis to Producers based upon the discretion of management, without granting equal or equivalent privileges to other Producers.

7. Termination. The employment relationship memorialized by this Agreement may be terminated by Company or Employee at any time, with or without cause. Termination of Employee's employment under this Agreement shall not release either Employee or the Company from obligations hereunder arising or accruing through the date of such termination nor from the provisions of paragraphs 8, 9 and 10 of this Agreement. On 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 professional documentation as described in the 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.

8. Confidential Information; Covenant Not to Solicit or Service Customers or Prospective Customers; Related Matters.

(a) Employee recognizes and acknowledges that the Confidential Information (as hereafter defined) constitutes valuable, secret, special, and unique assets of Company. Employee covenants and agrees that, during the term of this Agreement and for a period of three 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 Company and will not use the Confidential Information except in Company's business. It is expressly understood and agreed that the Confidential Information is the property of Company and must be immediately returned to Company upon demand. The term "Confidential Information" includes all information, whether or not reduced to written or recorded form, that is related to Company and that is not generally known to competitors of the Company nor intended for general dissemination, whether furnished by Company or compiled by Employee, including but not limited to: (1) lists of the Company's customers, insurance carriers, Company accounts and records pertaining thereto; and (2) prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics,

information concerning insurance markets for large or unusual risks, and all other types of written information customarily used by Company or available to the Employee. Employee understands that it is Company's intention to maintain the confidentiality of this information notwithstanding that employees of Company may have free access to the information for the purpose of performing their duties with 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. 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 of employment hereunder (whether voluntary or involuntary), 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 Employee's accounts or the accounts of any other agent, broker, or insurer, 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 Employee had knowledge, or in which Employee participated, during the last two years of Employee's employment with Company. For purposes of this Agreement, Employee acknowledges that informing existing clients or prospects that Employee is or may be leaving Company prior to leaving employment of Company shall be deemed to constitute prohibited solicitation under this Agreement.

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

(c) Employee agrees that 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 Employee. Employee waives any right to assert any claim for damages against Company or any officer, employee or agent of 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 paragraph 8, Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Employee understands and agrees that without such protection, Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(e) Should legal proceedings (including arbitration proceedings) have to be brought by the Company against the Employee to enforce this Agreement, the period of restriction under this paragraph 8 shall be deemed to begin running on the date of entry of an

order granting the Company preliminary injunctive relief and shall continue uninterrupted for the next succeeding two (2) years. The Employee acknowledges that the purposes of this paragraph 8 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 paragraph 8 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 paragraph 8 by the Company.

9. Organizing Competitive Businesses; Soliciting Company Employees. Employee agrees that so long as Employee is working for Company, Employee will not undertake the planning or organizing of any business activity competitive with the work Employee performs. Employee agrees that Employee will not, for a period of two years following termination of employment with Company, directly or indirectly solicit any of the Company's employees to work for Employee or any other competitive company. Employee acknowledges and agrees that all activities under this paragraph shall be presumed to be in aid of prohibited solicitation under the terms of paragraph 8 of this Agreement, and shall justify injunctive relief as provided in paragraph 8.

10. 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 Employee on its behalf, or generated or obtained by Employee during the course of Employee's employment, shall be and remain the property of Company. Employee shall be deemed the bailee thereof for the use and benefit of Company and shall safely keep and preserve such property, except as consumed in the normal business operations of Company. Employee acknowledges that this property is confidential and is not readily accessible to Company's competitors. Upon termination of employment hereunder, the Employee shall immediately deliver to Company or its authorized representative all such property, including all copies, remaining in the Employee's possession or control.

Employee understands that it is Company's intention to maintain the confidentiality of this information notwithstanding that employees of Company may have free access to the information for the purpose of performing their duties with 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. Employee acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within Company by confidential envelope or communication, in order to preserve the confidential nature of the information.

11. 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, (i) all attorneys' fees incurred in the investigation and preparation of issues for trial and in the trial and appellate proceedings, and (ii) 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, arbitration fees and charges, and all other reasonable costs and expenses.

12. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Certified Mail to:

Employee at:

and to the Company at: Poe & Brown, Inc.
401 E. Jackson Street
Suite 1700
Tampa, FL 33602
Attn: Laurel L. Grammig
General Counsel

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

13. Waiver of Breach. The waiver by either party of a breach of any. provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach by the other party.

14. Entire Agreement. This instrument contains the entire agreement of the parties. All employment agreements entered into which are dated prior to this Agreement are considered null and void, unless and to the extent otherwise stated herein. This Agreement may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

15. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors and assigns. No assignment, consent by Employee, or notice to Employee shall be required to render this Agreement enforceable by any entity defined as "Company" in this Agreement.

16. Interpretation. This Agreement shall not be construed or interpreted in a manner adverse to any party on the grounds that such party was responsible for drafting any portion of it.

17. Waiver of Jury Trial. Employee and Company 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 Employee's employment with the Company.

18. Assignment. Employee agrees that Company may assign this Agreement to any entity in connection with any sale of some or all of Company's assets or subsidiary corporations, or the merger by Company with or into any business entity.

19. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Florida, excluding laws related to conflicts of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates indicated below.

Witnesses:

Tara Seifried
As to Company

Charles Bushong
As to Employee

POE & BROWN, INC.

By:

Name: Andrew Elstein

Title: Accounting Manager

Date: 11/7/97

EMPLOYEE

Name: J Scott Penny

Signature:

Date: 11-7-97

Exhibit 10.16

FINAL EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

dated as of December 15, 2011

by and among

BROWN & BROWN, INC.,

PACIFIC MERGER CORP.,

ARROWHEAD GENERAL INSURANCE AGENCY SUPERHOLDING CORPORATION

and

SPECTRUM EQUITY INVESTORS V, L.P.

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AGREEMENT AND PLAN OF MERGER

THIS **AGREEMENT AND PLAN OF MERGER** (this "Agreement") is made and entered into as of December 15, 2011 by and among **BROWN & BROWN, INC.**, a Florida corporation ("Parent"), **PACIFIC MERGER CORP.**, a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), and **ARROWHEAD GENERAL INSURANCE AGENCY SUPERHOLDING CORPORATION**, a Delaware corporation (the "Company"), and **SPECTRUM EQUITY INVESTORS V, L.P.,** a Delaware limited partnership, solely in its capacity as the Equityholders' Representative hereunder (the "Equityholders' Representative").

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company have determined that the merger of Merger Sub with and into the Company (the "Merger") is advisable and in the best interests of their respective stockholders, and such Boards of Directors have approved the Merger, upon the terms and subject to the conditions set forth in this Agreement, pursuant to which each share of common stock, par value $0.01 per share of the Company (the "Company Common Stock"), issued and outstanding immediately prior to the Effective Time, other than shares owned or held directly or indirectly by Parent or the Company and other than Dissenting Shares, shall be converted into the right to receive the consideration set forth in this Agreement;

WHEREAS, within one (1) Business Day following the execution and delivery of this Agreement, the Equityholders' Representative shall execute and deliver the Written Consent to Parent, which Written Consent when executed and delivered shall be sufficient to obtain the Required Company Stockholder Approval;

WHEREAS, promptly following the execution and delivery of this Agreement, the respective Boards of Directors of Merger Sub and the Company shall present this Agreement for adoption by the respective stockholders of Merger Sub and the Company and for approval of the Merger and the other transactions contemplated by this Agreement; and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the transactions contemplated by this Agreement and also prescribe various conditions to the transactions contemplated by this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants, promises and agreements hereinafter set forth, the mutual benefits to be gained by the performance thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted, the parties to this Agreement, intending to be legally bound, hereby agree as follows:

ARTICLE I.
DEFINITIONS

SECTION 1.1 Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"ACM" means American Claims Management, Inc., a California corporation.

"Action" means any claim, action, suit or proceeding, arbitral action, governmental inquiry, criminal prosecution as to which written notice has been provided to the applicable party.

"Affiliate" means, when used with respect to a specified Person, another Person that either directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person. For purposes of this Agreement, "control" means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, contract or otherwise, and "controlled" and "controlling" shall have correlative meanings.

"AGIA" means Arrowhead General Insurance Agency, Inc., a Minnesota corporation.

"Aggregate Exercise Price" means the sum of all of the exercise prices for Company Options that are outstanding at the Effective Time.

"Applicable Percentage" means, with respect to any Equityholder, a ratio, expressed as a percentage (rounded to four decimal places), equal to (x) the sum of (i) the aggregate number of shares of Company Common Stock held by such holder immediately prior to the Effective Time, plus (ii) the aggregate number of shares of Company Common Stock issuable in respect of all outstanding Company RSU Awards held by such holder at the Effective Time, plus (iii) the aggregate number of shares of Company Common Stock issuable upon the exercise in full for cash of all outstanding Company Options held by such holder at the Effective Time, divided by (y) the Fully Diluted Common Stock Number.

"Balance Sheet Date" means November 30, 2011.

"Base Merger Consideration" means **Four Hundred Million Dollars ($400,000,000.00).**

"Business" means the business and operations of each of the Group Companies, as conducted as of the date of this Agreement.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by Law to be closed in New York, New York.

"Carrier" means any insurance company, surety, insurance pool, risk retention group, risk purchasing group, self-insured group, reinsurer, Lloyd's of London syndicate, state fund or pool or other risk assuming entity in which any insurance, reinsurance, or bond has been placed or obtained.

"Cash" means cash and cash equivalents determined in accordance with GAAP, using the policies, conventions, methodologies and procedures used by the Company in preparing the Company Financial Statements.

"Client" means any Person to whom any insurance products or services have been provided by an applicable Person.

"Client Account" means collectively, (a) the right to payment of a monetary obligation, whether or not earned by performance, for the provision of any insurance products or services to any Client, and (b) the goodwill and business relationship with such Client relating to the provision of any insurance products or services to such Client.

"Closing Cash" means the aggregate amount of Cash of the Group Companies as of the close of business on the Closing Date, prior to giving effect to the transactions contemplated hereby.

"Closing Debt" means the aggregate principal amount of, and accrued interest on and any pre-payment and interest rate swap buyout costs and expenses relating to, all Debt of the Group Companies as of the close of business on the Closing Date, prior to giving effect of the transactions contemplated hereby.

"Closing Statement" means the Closing Statement, setting forth the payment and/or allocation the Base Merger Consideration at Closing.

"Closing Working Capital" means (i) the aggregate dollar amount of all Current Assets (excluding any income Tax related assets (for example, but not by way of limitation, estimated income Tax payments and deferred income Taxes) and any inadequately collateralized notes receivable), less (ii) the aggregate dollar amount of all Current Liabilities including, without limitation, (1) the Group Companies' aggregate liability for FICA, FUTA and SUTA Taxes with respect to all Transaction Compensation; any RSU Payments; and any Option Payments under Section 3.1(a), which shall be estimated on the Estimated Closing Balance Sheet and not subject to change in the Closing Balance Sheet, (2) any liabilities for potential draw-downs under any certificates of deposit securing any letter of credit obligations, (3) accrued profit sharing expenses, (4) Transfer Taxes, (5) payments made in connection with the termination of deferred compensation arrangements, as set forth in Schedule 1.1(a), and (6) deferred revenues and any loss and loss adjusting expense liabilities, including both the current and long-term portions of such deferred revenues and such loss and loss adjusting expense liabilities (but excluding Debt, Unpaid Company Transaction Expenses, the fair market value of derivatives and any income Tax related liabilities), in the case of each of clause (i) and clause (ii), as of the close of business on the Closing Date, prior to giving effect of the transactions contemplated hereby.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commissions" means (a) commission revenues, including Overrides (if any) and GSCs (if any), plus (b) fees (other than Service Fees) in addition to or in lieu of commissions, provided such fees are disclosed and otherwise permissible in accordance with applicable law,

plus (c) premium financing commissions, provided such fees are billed and received in accordance with applicable law, in each case net of any Commissions or referral fees paid to any third party producing or referring agent or broker. Commissions do not include Contingent Revenues.

"Company Employee" means each employee of the Group Companies.

"Company Option Plan" means the Amended and Restated Arrowhead General Insurance Agency SuperHolding Corporation Equity Incentive Plan, effective December 31, 2009.

"Company Options" means all outstanding options to purchase or otherwise acquire shares of Company Common Stock, whether vested or unvested, granted pursuant to the Company Option Plan.

"Company Preferred Stock" means the Series A preferred stock, par value $0.01 per share, of the Company.

"Company PSU Awards" means any awards of preferred stock units, including any awards of performance-based preferred stock units, outstanding under the Company PSU Plan.

"Company PSU Plan" means the Preferred Stock Unit Plan of Arrowhead General Insurance Agency SuperHolding Corporation, effective March 15, 2009.

"Company RSU Awards" means any awards of restricted stock units, including any awards of performance-based restricted stock units, outstanding under the Company RSU Plans.

"Company RSU Plans" means the Amended and Restated 2007 Stock Unit Plan of Arrowhead General Insurance Agency SuperHolding Corporation, dated March 31, 2009, and the Amended and Restated 2008 Stock Unit Plan of Arrowhead General Insurance Agency SuperHolding Corporation, dated March 31, 2009.

"Confidential Information and Non-Disclosure Agreement" means those certain Confidential Information and Non-Disclosure Agreements, in the form attached as Exhibit A hereto.

"Confidentiality Agreement" means the Mutual Non-Disclosure Agreement between Arrowhead General Insurance Agency, Inc. and Parent, dated as of September 9, 2011.

"Contingent Revenues"—

(a) Contingent Revenues means all contingent, bonus, profit-sharing, subsidies, and similar incentive-based revenues, including, without limitation, all sliding-scale commissions arrangements.

(b) Contingent Revenues *exclude*:

(i) any specific percentage commission on premium to be paid by a Carrier set at the time of purchase, renewal, placement or servicing of an insurance policy;

(ii) any specific fee, to the extent legally permissible, to be paid by the Client Account in addition to or in lieu of such specific percentage commission;

(iii) a combination of such commissions and fees; and

(iv) Overrides.

"Contract" means any legally binding contract, agreement, indenture, note, bond, loan, instrument, lease, conditional sales contract, mortgage, license, or other commitment or arrangement.

"Current Assets" means current assets determined under GAAP and calculated in accordance with Section 2.8(a).

"Current Liabilities" means current liabilities determined under GAAP and calculated in accordance with Section 2.8(a).

"Damages" means any liabilities, losses, damages, penalties, fines, costs or expenses (including (a) reasonable attorneys and other professional advisory fees and expenses actually incurred, (b) applicable interest, and (c) an allocated portion, based upon devoted man-hours at a reasonable hourly rate for each applicable employee, of direct compensation expense for any employee of Parent or any Group Company who will be required to devote a material portion of such employee's time in gathering information and otherwise assisting in the prosecution of the resolution of the Escheat Matters).

"Debt" means both the current and long-term portions of any amount owed without duplication in respect of (i) borrowed money, (ii) all outstanding letters of credit, (iii) capitalized lease obligations, (iv) all Liabilities related to or arising out of any prior acquisition or business combination, including any earnout, performance, bonus or other contingent payment arrangement, (v) reimbursement obligations, foreign exchange contracts and arrangements designed to provide protection against fluctuations in interest or currency exchange rates, including amounts payable to unwind such contracts or arrangements, including termination fees, prepayment penalties, break fees and the like; and (vi) all accrued and unpaid interest, prepayment penalties or premiums on, or any guarantees with respect to, any of the obligations referred to in the foregoing clauses (i) through (v); provided, however, that notwithstanding the foregoing, Debt shall not be deemed to include any accounts payable or any un-drawn letters of credit.

"DGCL" means the General Corporation Law of the State of Delaware.

"Earn-Out Amount" means (a) Five Million Dollars ($5,000,000.00) of the Base Merger Consideration, less (b) any amount by which Year Three EBITDA is less than $41,000,000.00; provided, however, that the Earn-Out Amount shall not exceed the amount of the Earn-Out Distributions.

"Earn-Out Distributions" shall have the meaning set forth in the Escrow Agreement.

"Earn-Out Equityholders" means all of the Management Equityholders other than Lewis DeFuria.

"Employee Benefit Plan" means any material plan, program, policy, agreement or arrangement (whether oral or written) maintained for the benefit of any current or former employee or director relating to employment, severance, termination or benefits, including each employment agreement, severance agreement, retention agreement, bonus plan, deferred compensation plan, pension plan, stock option plan, stock purchase plan, stock appreciation right or phantom stock plan, equity-based compensation arrangement, fringe benefit, incentive plan, profit-sharing plan, retirement plan, medical plan, vacation pay or sick pay plan, retiree medical plan, severance pay plan, change in control agreement, including any "employee benefit plan" within the meaning of Section 3(3) of ERISA, provided to any current or former director, officer, employee, or consultant of the Company, the Subsidiaries, or any ERISA Affiliate, which is maintained, sponsored, or contributed to by the Company, the Subsidiaries, or any ERISA Affiliates, or for which any such Person otherwise has any present or future Liability.

"Encumbrance" means any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, defect of title or other similar encumbrance.

"Environmental Law" means any applicable Laws as in effect as of the date of this Agreement which regulate or relate to the protection or clean up of the environment; the use, treatment, storage, transportation, handling, disposal or release of Hazardous Materials, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or the health and safety of persons or property, including without limitation, protection of the health and safety of employees.

"Equityholder" means any holder of (i) Company Common Stock that is entitled to receive Per Share Merger Consideration under Section 2.6 and that has not perfected its appraisal rights pursuant to Section 3.3, (ii) Company RSU Awards that is entitled to receive an RSU Payment under Section 2.7(a), or (iii) Company Options that is entitled to receive an Option Payment under Section 2.7(b).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business, whether or not incorporated, that together with the Company or any Subsidiary, would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

"Escheat Matters" means any Damages, whether or not resulting from the breach of any representation or warranty by the Company under this Agreement, arising from the failure of any Group Company to pay an amount to any Governmental Authority, and/or to file any applicable report or return with, any Governmental Authority pursuant to any abandoned property, escheat or similar Law, which exceed the amounts that have been accrued for, or with respect to which there is a segregated cash account, on the Closing Balance Sheet.

"Escrow Agent" means First Republic Bank, N.A.

"Escrow Agreement" means that certain Escrow Agreement, in the form attached as Exhibit B hereto, to be entered into as of the Closing Date by and among Parent, the Escrow Agent and the Equityholders' Representative.

"Fully Diluted Common Stock Number" shall equal (i) the aggregate number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time, plus (ii) the aggregate number of shares of Company Common Stock subject to all outstanding Company RSU Awards at the Effective Time (including any Company RSU Award which vests at or as of the Effective Time), plus (iii) the aggregate number of shares of Company Common Stock issuable upon the exercise in full of all outstanding Company Options that are exercisable at the Effective Time (including any Company Option which vests at or as of the Effective Time), less (iv) the aggregate number of shares of Company Common Stock to be cancelled at the Effective Time pursuant to Section 2.6(a).

"GAAP" means generally accepted accounting principles in the United States.

"Governmental Authority" means any government, any governmental entity, commission, board, agency or instrumentality, and any court, tribunal or judicial body, or quasi-governmental authority, whether federal, state, county, local or foreign.

"Governmental Order" means any order, judgment, injunction or decree issued, promulgated or entered by or with any Governmental Authority of competent jurisdiction.

"Group Company" means any of the Company and any of the Subsidiaries.

"GSCs" means guaranteed supplemental commissions.

"Hazardous Material" means any pollutant, chemical, substance and any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical, or chemical compound, or hazardous substance, material or waste, whether solid, liquid or gas, that is subject to regulation, control or remediation under any Environmental Laws, including without limitation, asbestos, urea, formaldehyde, PCBs, radon gas, or petroleum products.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

"Income Tax" means a Tax based on net income, net profits, gross receipts, or similarly based, regardless of how such Tax is denominated by a Governmental Authority, but shall not include sales, use, payroll, withholding, personal or real property Tax.

"Income Tax Return" means any Tax Return relating to Income Tax.

"Individual Financial Product" means any individual life, long-term care, annuity, disability, accident, cancer, dental, or hospital confinement insurance policies, or any other insurance, financial or estate planning product sold to individuals or their estates (either directly or through a group arrangement), whereby forty percent (40%) or more of the policy premium is paid during the first year of the policy term.

"Institutional Equityholders" means Spectrum Equity Investors V, L.P., Spectrum V Investment Managers' Fund, L.P., JMI Equity Fund V, L.P., and JMI Equity Fund (AI), L.P.

"Insurance Products or Services" means any insurance or reinsurance-related policies, programs, or services (a) provided or offered by, or (b) under development and to be imminently provided or offered by, any Group Company.

"Intellectual Property" means all intellectual property, including (i) patents and applications therefor and all divisionals, reissues, renewals, registrations, confirmations, re-examinations, certificates of inventorship, extensions, continuations and continuations-in-part thereof, (ii) trademarks, trade dress, service marks, trade names, brand names, logos and slogans, and pending applications to register the same, (iii) copyrights and copyrightable works, including all writing, reports, analyses, evaluation protocols, designs, computer software, code, databases, software systems, mask works or other works, and pending applications to register the same, (iv) domain names and (v) trade secrets, methods, processes, practices, formulas and techniques.

"IRS" means the United States Internal Revenue Service, and any successor agency thereto.

"Jumbo Account" means California Restaurant Mutual Benefit Corporation.

"Key Employee Agreements" means, collectively, (a) the Management Employee Agreements, and (b) Confidential Information and Non-Disclosure Agreements between the Surviving Corporation and each of those Group Company employees set forth in Schedule 2.3(b)(viii).

"Knowledge of the Company" or "known to the Company" and any other phrases of similar import means, with respect to any matter in question relating to the Group Companies, the actual knowledge of each of the Management Equityholders after reasonable inquiry by them of those members of management having primary responsibility for the matters that are the subject of such representation or warranty and without any further duty of inquiry or other investigation.

"Law" means any federal, state, county, local or foreign statute, law, ordinance, Governmental Order or regulation or code of any Governmental Authority of competent jurisdiction.

"Liability" means any and all debts, liabilities and obligations of any kind or nature, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or determinable.

"Management Employee Agreements" means mutually agreeable (a) employment agreements by and among Parent, the Surviving Corporation, and the Management Equityholders, (b) Confidential Information and Non-Disclosure Agreements by and among Parent, the Surviving Corporation, and the Management Equityholders, and (c) Performance Stock Agreements by and between Parent and the Management Equityholders.

"Management Equityholder Life Policies" means any life insurance policies purchased by Parent or the Surviving Corporation on the lives of one or more of the Management Equityholders, pursuant to the terms and conditions of the employment agreements among Parent, the Surviving Corporation, and the Management Equityholders.

"Management Equityholders" means D. McDonald Armstrong, Stephen Bouker, Stephen Boyd, Mark Corey, Lewis DeFuria, Matthew Lubien, Scott Marshall, Deirdre Millwood, Ryan O'Connor, Dhara Patel, Rebecca Pinto, Michael Powell, Robert K. Schraner, Ronda Sedillo, and Chris L. Walker.

"Material Adverse Effect" means any change or effect that is materially adverse to the business, operations, financial condition, results of operations or assets of the Group Companies, taken as a whole, or the Company's, any Subsidiary's, or any Equityholder's ability to perform its material obligations under this Agreement and the other Transaction Agreements and to consummate the transactions contemplated hereby and thereby on a timely basis; provided, however, that none of the following shall be deemed, either alone or in combination with any other change or effect, to constitute, and no change or effect arising from or attributable or relating to any of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (i) the negotiation (including activities relating to due diligence), execution, delivery, public announcement or pendency of this Agreement or any of the transactions contemplated herein or any actions taken in compliance herewith, including the impact thereof on the relationships of the Group Companies with customers, suppliers, distributors, consultants, employees or independent contractors or other third parties with whom the Group Companies has any relationship; (ii) conditions affecting the industries in which the Group Companies operate or participate, the U.S. economy or financial markets or any foreign markets or any foreign economy or financial markets in any location where the Group Companies operate, which conditions do not have a material disproportionate impact on the Group Companies, taken as a whole, or on AGIA or ACM individually; (iii) compliance with the terms of, or the taking of any action required by, this Agreement, or otherwise taken with the consent of Parent; (iv) any breach by Parent or Merger Sub of this Agreement or the Confidentiality Agreement; (v) the taking of any action by Parent or any of Parent's Affiliates; (vi) any change in GAAP or applicable Laws (or interpretation thereof) which changes do not have a material disproportionate impact on the Group Companies, taken as a whole or on AGIA or ACM individually; (vii) any acts of God, calamities, acts of war, terrorism or military action or the escalation thereof; (viii) national or international political, general economic, social conditions or changes in the financial or capital markets, which events do not have a material disproportionate impact on the Group Companies, taken as a whole or on AGIA or ACM individually; (ix) any action required to be taken under applicable Laws, including any actions taken or required to be taken by any Group Company in order to obtain any approval or authorization for the consummation of the Merger under applicable antitrust or competition Laws; (x) any increase in the cost or change in the availability of financing necessary for the Parent and Merger Sub to consummate the transactions contemplated hereby; (xi) any action taken, or failure to take any action, or such other change or event, in each case to which Parent has consented, or the failure to take actions specified in Section 6.1 due to Parent's failure to

consent thereto following request by the Company; or (xii) any failure, in and of itself, by the Company to meet any projections, forecasts, or revenue or earnings predictions for any period (it being understood that the facts and circumstances giving rise or contributing to such failure may be taken into account in determining whether there has been a Material Adverse Effect).

"Non-Compete Agreement" means those certain Non-Competition, Non-Solicitation, Confidentiality and Non-Disclosure Agreements, in the form attached as Exhibit C-1 and C-2 hereto, to be entered into as of the Closing Date by and among Parent, the Company and the Principal Equityholders.

"Opinion of Equityholder's Counsel" means that certain written opinion of counsel of the Company and the Equityholders' Representative, in the form attached as Exhibit D hereto, dated the Closing Date.

"Organizational Documents" means, with respect to any entity, the certificate of incorporation, articles of incorporation, bylaws or equivalent governing documents of such entity.

"Overrides" means a fixed rate compensation method for the provision of insurance services expressed either as a flat fee or as a percentage of the cost of a service.

"Parent Indemnitees" means Parent, Merger Sub, the Surviving Corporation, the Group Companies (after the Closing), their Affiliates (as to the Group Companies, after the Closing), and their respective directors, officers, employees, agents, representatives, successors, and assigns.

"Per Share Merger Consideration" means the quotient of (i) (A) the Base Merger Consideration, plus (B) the Aggregate Exercise Price plus (C) the Closing Working Capital, minus (D) the Target Working Capital, minus (E) the aggregate PSU Payments to be paid with respect to the Company PSU Awards, minus (F) the Unpaid Company Transaction Expenses, minus (G) the Closing Debt, and divided by (ii) the Fully Diluted Common Stock Number.

"Permit" means any license, franchise or permit with any Governmental Authority required by applicable Law for the operation of the Business.

"Permitted Encumbrances" means (i) Encumbrances for Taxes and other governmental charges that are not delinquent or are being contested in good faith by appropriate proceedings; (ii) all cashiers', landlords', workmen's, repairmen's, warehousemen's and carriers' liens and other similar liens imposed by Law, incurred in the ordinary course of business; (iii) all Laws and Governmental Orders; (iv) zoning, building codes, entitlement, and other land use and environmental regulations of any Governmental Authority; (v) all pledges or deposits in connection with workers compensation, unemployment insurance and other social security legislation; (vi) Encumbrances that will be released and discharged at or prior to the Closing; (vii) all leases, subleases, licenses, concessions or service contracts to which any Person or any of its Subsidiaries is a party; (viii) Encumbrances identified on documents or writings included in the public records; and (ix) all other liens and mortgages, covenants, imperfections in title, charges, easements, restrictions and other Encumbrances which do not, individually or in the aggregate, materially detract from the value of, or materially interfere with, the present use, enjoyment, or transferability of, the asset or property subject thereto or affected thereby.

"Person" means any individual, general or limited partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

"Post-Closing Tax" means any Tax relating to a Post-Closing Tax Period.

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date and that portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax" means any Tax relating to a Pre-Closing Tax Period.

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date and that portion of any Straddle Period ending on the Closing Date.

"Principal Equityholders" means (a) the Institutional Equityholders and (b) the following Management Equityholders: D. McDonald Armstrong, Stephen Bouker, Stephen Boyd, Lewis DeFuria, Scott Marshall, and Chris L. Walker.

"Producer" means any independent third-party sub-producers for whom the Subsidiaries have placed or provided any Insurance Products or Services.

"Release" means that certain Release of the Institutional Equityholders and the Management Equityholders, in the form attached as Exhibit E hereto, dated as of the Closing Date.

"Required Company Stockholder Approval" means the approval of this Agreement and the transactions contemplated hereby by the affirmative vote (by action taken at a meeting or by written consent) of a majority of the shares of Company Common Stock outstanding on the record date for a stockholders meeting.

"Section 280G Waiver" means, with respect to any Person, a written agreement waiving such Person's right to receive any "excess parachute payments" (within the meaning of Section 280G of the Code and the regulations promulgated thereunder) and to accept in substitution therefor the right to receive such payments only if approved by the stockholders of the Companies in a manner that complies with Section 280G(b)(5)(B) of the Code.

"Senior Executives" means D. McDonald Armstrong, Stephen Bouker, Stephen Boyd, Mark Corey, Lewis DeFuria, Tomer Eilam, Matthew Lubien, Scott Marshall, Lawrence Moonan, Deirdre Millwood, Adam Nordost, Ryan O'Connor, Dhara Patel, Rebecca Pinto, Michael Powell, Mark Richardson, Peter Savas, Robert K. Schraner, Ronda Sedillo, Joseph Shomphe, and Christopher T. Uchida, and Chris L. Walker.

"Service Fees" means fees charged for services such as consulting, program design and implementation, third-party administration, risk management, or other services not directly related to the placement of insurance coverage, pursuant to the terms of a written Contract with the Client Account.

"Special Matter" means any one or more of the following indemnity matters:

(a) As to Parent's right to indemnity under this Agreement:

(i) Any breach of the Company's representations and warranties contained in Section 4.1 (Corporate Status), Section 4.2 (Authority; Merger Approval), Sections 4.3(a)(i) and (a)(ii) and Section 4.3(b) as it relates to Governmental Authority (No Conflict; Government Authorizations), Section 4.4 (Capitalization), Section 4.7 (Taxes), Section 4.10 (Environmental Matters), or Section 4.22 (Finder's Fee);

(ii) Any Pre-Closing Taxes of a Group Company (except to the extent such Taxes were included as a liability in the calculation of Closing Working Capital);

(iii) Any breach by any Group Company (prior to the Closing) or the Equityholders' Representative or failure by any Group Company (prior to the Closing) or the Equityholders' Representative to perform (or cause to be performed) any of the covenants or agreements under Section 6.9 (Tax Matters) or Section 6.1(b)(x);

(iv) Any Damages, in excess of any accrued liabilities on the Closing Balance Sheet, arising from or in connection with (A) any Group Company's participation in any captive reinsurance, underwriting gains or losses, or any other risk-bearing or risk-sharing activities of any Group Company before the Closing or (B) without limiting the foregoing, any Group Company's ownership or operation of Alternative Re Ltd. Cell 16G – Cypress Point (Other); or

(v) Any Escheat Matters.

(b) As to the Equityholders' right to indemnity under this Agreement:

(i) Any breach of Parent's representations and warranties contained in Section 5.1 (Corporate Status), Section 5.2 (Authority), Section 5.3(b) (Government Authorization), or Section 5.8 (Finder's Fee);

(ii) Any Post-Closing Taxes of a Group Company, except for, subject to the limitations of Section 9.3(h), any Post-Closing Taxes arising from or as a result of any (A) breach of the Company's representations and warranties contained in Section 4.7 (Taxes) or (B) breach by any Group Company (prior to the Closing) or the Equityholders' Representative or failure by any Group Company (prior to the Closing) or the Equityholders' Representative to perform (or cause to be performed) any of the covenants or agreements under Section 6.9 (Tax Matters) or Section 6.1(b)(x); or

(iii) Any breach by Parent or the Surviving Corporation or any of its Subsidiaries or failure by Parent, the Surviving Corporation or any of its Subsidiaries to perform (or cause to be performed) any of the covenants or agreements under Section 6.9 (Tax Matters).

"Stockholders Agreement" means that certain Amended and Restated Stockholders Agreement, dated as of March 31, 2009, among the Equityholders' Representative, Spectrum V Investment Managers' Fund, L.P., Arrowhead General Insurance Agency Holding Corp., the Company, and each of the stockholders named therein.

"Straddle Period" means any Tax period beginning before or on and ending after the Closing Date.

"Subsidiary" means with respect to any entity, that such entity shall be deemed to be a "Subsidiary" of another Person if such other Person directly or indirectly owns, beneficially or of record, (i) an amount of voting securities of other interests in such entity that is sufficient to enable such Person to elect at least a majority of the members of such entity's board of directors or other governing body, or (ii) at least a majority of the outstanding equity interests of such entity.

"Target Working Capital" means **Nine Million Dollars ($9,000,000.00)**.

"Tax" or "Taxes" means any and all taxes (together with any all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority, including income, estimated income, gross receipts, profits, business, license, occupation, franchise, capital stock, real or personal property, sales, use, transfer, value added, employment or unemployment, social security, disability, alternative or add-on minimum, customs, excise, stamp, environmental, commercial rent or withholding taxes.

"Tax Contest" means any audit, other administrative proceeding or inquiry or judicial proceeding involving Taxes.

"Tax Return" means any report, declaration, return, information return, claim for refund, or statement relating to Taxes, including any schedule attached thereto, and including any amendments thereof.

"Taxing Authority" means the IRS and any other domestic or foreign Governmental Authority responsible for the administration or collection of any Taxes.

"Transaction Agreements" means this Agreement, the Escrow Agreement and each other agreement related hereto or thereto.

"Transaction Compensation" means the payments to be made the Persons described on Schedule 1.1(a) to this Agreement in connection with the transactions contemplated hereby.

"Transaction Tax Benefit Items" means the items defined in, and calculated in accordance with, the "Transaction Tax Benefit Schedule" attached as Schedule 1.1(b) to this Agreement on the date hereof, provided that such items are actually deductible under applicable Law. The Company shall deliver the final Transaction Tax Benefit Schedule to Parent and Merger Sub at least three (3) Business Days prior to the Closing.

"Transfer Taxes" means any and all transfer, documentary, sales, use, gross receipts, stamp, registration, value added, recording, escrow and other similar Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement (including any real property or leasehold interest transfer or gains tax and any similar Tax).

"Treasury Regulations" means the United States Treasury regulations promulgated under the Code.

"Unpaid Company Transaction Expenses" means (i) the fees and disbursements payable to the financial advisors referenced in Section 4.22; (ii) the fees and disbursements payable to Latham & Watkins LLP, legal counsel of any Group Company that are payable by any Group Company in connection with the transactions contemplated by this Agreement; and (iii) all other miscellaneous expenses or costs, in each case, incurred by the Company or Subsidiaries directly in connection with the transactions contemplated by this Agreement (including any severance, retention, or other payments due and owing to employees, consultants, or other third parties as a result of the transactions contemplated by this Agreement), but only to the extent they have not been paid by any Group Company in Cash on or prior to the close of business on the Closing Date and have, accordingly, not reduced the Closing Cash; provided, however, that the foregoing clause (ii) and (iii) shall not include any fees, expense or disbursements incurred by Parent, or by the Surviving Corporation which are on behalf of Parent, fees and expenses incurred by or on behalf of any Group Company in connection with any financing transactions of Parent and Parent Subsidiaries, and the fees and expenses of Parent's attorneys, accountants and other advisors.

"Written Consent" means that certain written consent of the Equityholders' Representative, in the form attached as Exhibit F hereto, approving and adopting this Agreement and the Merger.

"Year Three EBITDA" means the Group Companies' total annual EBITDA (as described in Section 2.9) during Year Three.

SECTION 1.2 Other Definitional and Interpretative Matters.

(a) Certain Other Definitions. As used in this Agreement, the following terms shall have the respective meanings ascribed thereto in the respective sections of this Agreement set forth opposite each such term below:

Term	Section
Accounting Firm	2.8(c)
Acquisition Proposal	6.11
Agreement	Preamble
Annual Meeting Charge	2.9(d)
Certificate of Merger	2.4
Certificates	3.1(a)
Closing	2.3(a)
Closing Balance Sheet	2.8(b)

Term	Section
Closing Date	2.3(a)
Closing Date Schedule	2.8(b)
Company	Preamble
Company Benefit Plans	4.11(a)
Company Common Stock	Recitals
Company Cure Period	8.1(c)
Company Disclosure Schedule	Article IV
Company Financial Statements	4.5
Company Indemnified Parties	6.6(a)
Company Intellectual Property	4.13(a)
Company Material Contract	4.14(a)
Company Pre-Closing Certificate	2.8(a)
Dispute Notice	2.8(c)
Dissenting Shares	3.3
Earn-Out Amount Dispute Notice	2.9(g)
Earn-Out Amount Expert Calculations	2.9(g)
Earn-Out Amount Review Period	2.9(g)
Earn-Out Amount Statement	2.9(g)
Earn-Out Period	2.9(d)
EBITDA	2.9(b)
Effective Time	2.4
Equityholder Reserve	3.1(a)
Equityholders’ Representative	Preamble
Escrow Fund	3.1(a)
Estimated Closing Cash	2.8(a)
Estimated Closing Debt	2.8(a)
Estimated Working Capital	2.8(a)
Estimated Unpaid Company Transaction Expenses	2.8(a)
Excess Coverage Provision	6.12(a)
Expert Calculations	2.8(c)
Expiration Date	9.1
Fold-In Acquisition	2.10(a)
Fold-In Acquisitions Cost of Capital Charge	2.10(a)
Fold-In Acquisitions Payments Amount	2.10(a)
Fold-In Acquisitions Support Charge	2.10(a)
Holder Group	6.8
Indemnitee	9.4(a)
Indemnitor	9.4(a)
Insurance Policies	4.20
Leased Real Property	4.16
Merger	Recitals
Merger Sub	Preamble
New Profit Center	2.9(e)
New Profit Center Leader	2.9(e)

Term	Section
Non-Compete Amount	3.1(a)
Optionholder	2.7(b)
Option Payment	2.7(b)
Parent	Preamble
Parent Cure Period	8.1(d)
Parent Subsidiaries	5.4
Pre-Closing Period	6.1(a)
Premiums/Fees Receivable	2.9(d)
PSU Holder	2.7(c)
PSU Payment	2.7(c)
Required Tail Coverage	6.12(a)
Required Tail Deductible	6.12(b)
Review Period	2.8(c)
RSU Holder	2.7(a)
RSU Payment	2.7(a)
Salary Increase Pool	2.9(d)
Section 280G	6.7(c)(i)
Section 280G Soliciting Material	6.7(c)(iii)
Section 409A	4.11(g)
Solvent	5.5
Subleased Real Property	4.16
Surviving Corporation	2.1
Terminated Plans	2.3(b)
Terminating Company Breach	8.1(c)
Terminating Parent Breach	8.1(d)
Third-Party Claim	9.4(a)
Transfer	2.9(f)
Transferred Account	2.9(f)
TTB Carryback	6.9(e)
TTB Carryforward	6.9(e)
VCP	6.13
Year Three	2.9(d)
Year Two	2.9(d)

(b) Interpretive Matters. Unless otherwise expressly provided herein, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(ii) Dollars. Any reference in this Agreement to Dollars or $ shall mean U.S. dollars.

(iii) Exhibits/Schedules. The Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. The Company may, at its option, include in the Schedules items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement or otherwise. Information disclosed pursuant to any Schedule hereto shall be deemed to be disclosed to Parent for purposes of any other Schedule to the extent that the relevance of such disclosure to such other Schedule is reasonably apparent from the face of such disclosure. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

(iv) Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

(v) License. The word "license" (regardless of the tense when used as a verb or single or plural form when used as a noun) shall include the term "sublicense" (and its corresponding forms) and vice versa.

(vi) Headings. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

(vii) Herein. The words such as "herein," "hereinafter," "hereof," and "hereunder" and any other words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits to this Agreement) and not merely to a particular term or provision of this Agreement or subdivision in which such words appear unless the context otherwise requires.

(viii) Including. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(ix) Threatened. The word "threatened" or any variation thereof means "threatened in writing".

(c) Unless otherwise defined in this Agreement, accounting terms shall have the respective meanings assigned to them in accordance with GAAP consistently applied with the policies, conventions, methodologies and procedures used by the Company in preparing the audited Company Financial Statements as of and for the period ended December 31, 2010.

(d) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Any reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

ARTICLE II.
THE MERGER

SECTION 2.1 The Merger. Upon the terms and subject to the conditions of this Agreement, and in accordance with the DGCL, Merger Sub shall be merged with and into the Company at the Effective Time. Following the Merger, the separate corporate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation (the "Surviving Corporation") and shall succeed to and assume all the rights and obligations of the Company and Merger Sub in accordance with the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all of the property, rights, privileges and powers of the Company and Merger Sub shall vest in the Surviving Corporation, and all of the debts, liabilities and duties of the Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

SECTION 2.2 Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in the DGCL.

SECTION 2.3 Closing Matters.

(a) Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800, Chicago, Illinois 60606 on the date which is three (3) Business Days after the date on which all the conditions set forth in Article VII shall have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), or such other time and place as Parent and the Company may mutually agree (such date hereinafter, the "Closing Date").

(b) Closing Deliveries of the Company and the Equityholders' Representative. At the Closing, the Company and the Equityholders' Representative, as applicable, shall deliver to Parent:

(i) The stock record book, minute book and seal (if any) of each of the Group Companies (such delivery shall be deemed to have occurred if the stock record book, minute book and seal (if any) of a Group Company are located on the premises of any Group Company);

(ii) The Certificates, in accordance with Section 3.1(a)(i);

(iii) A certificate, duly executed by an authorized officer of the Company, dated the Closing Date, certifying that the conditions in Section 7.2(a) have been fulfilled;

(iv) A certificate, duly executed by the Secretary or Assistant Secretary of the Company, dated the Closing Date, to the effect that attached thereto is a true and complete copy of the (A) applicable Organizational Documents for each Group Company, (B) certificate of good standing or similar instrument for each Group Company from the state of such entity's incorporation, (C) resolutions of the Board of Directors of the Company approving and authorizing the execution, delivery, and performance of this Agreement, the Other Transaction Agreement and the transactions contemplated herein and therein, and recommending this Agreement, the Other Transaction Agreements and the transactions contemplated herein and therein, to the Equityholders for their approval; and (D) resolutions of the Board of Directors of the Company (1) terminating the Company's 401(k) plan, deferred stock plan, other equity-based compensation plans, and other Employee Benefits Plans (except Employee Welfare Benefit Plans, as defined in Section 3(1) of ERISA), with such termination, contingent upon the consummation of the Acquisition, to be effective before the Closing Date (the "Terminated Plans"), (2) providing that no contributions shall be made to the Terminated Plans after the termination date, (3) if appropriate under applicable Law or the terms of the Terminated Plans, directing the Company's legal counsel to apply for a determination letter from the IRS with respect to the termination of the Terminated Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under the Terminated Plans, (4) terminating or transferring any life insurance policies procured by the Company for its benefit on the lives of any Equityholders or any directors or officers of the Company, together with any agreements to provide any such life insurance policies at the expense of the Company, and (5) terminating any and all leases of employee vehicles and any agreements with employees related to the provision of vehicles, or (unless otherwise by Parent) for the payment of a periodic vehicle allowance, by the Company;

(v) A certificate, duly executed by the Secretary or Assistant Secretary of the Company, dated the Closing Date, to the effect that the Written Consent was duly adopted by the Equityholders' Representative and such Written Consent, as attached to such certificate, is true, correct and complete, remains in full force and effect, and has not been amended, rescinded, or modified;

(vi) As and to the extent requested by Parent in writing no later than three (3) Business Days before the Closing, resignation letters from the directors and officers of the Group Companies, effective as of the Closing;

(vii) The Non-Compete Agreement, executed by the Principal Equityholders and the Company;

(viii) The Key Employee Agreements, executed by those employees of the Group Companies set forth in Schedule 2.3(b)(viii);

(ix) The Escrow Agreement, executed by the Equityholders' Representative and the Escrow Agent;

(x) The Release, executed by the Institutional Equityholders and the Management Equityholders;

(xi) The Opinion of Equityholder's Counsel, executed by the Equityholder's external legal counsel;

(xii) Evidence, in form reasonably acceptable to Parent, of receipt of the consents set forth in Schedule 2.3(b)(xii);

(xiii) The Closing Statement, executed by the Equityholders' Representative;

(xiv) Evidence, in form reasonably acceptable to Parent, that all financial obligations owed to any of the Group Companies by any Equityholder or any Affiliate, director, or officer of the Company, any of the Subsidiaries, or any of the Equityholders, have been paid in full prior to Closing;

(xv) Evidence, in form reasonably acceptable to Parent, of the Company's arrangement to purchase the Required Tail Coverage;

(xvi) Evidence, in form reasonably acceptable to Parent, of written acknowledgment by the Company and all other parties to the Stockholders Agreement, that such Stockholders Agreement will be terminated effective as of the Closing; and

(xvii) All necessary forms and certificates complying with applicable Law, duly executed and acknowledged within thirty (30) days prior to the Closing Date, certifying that the transactions contemplated hereby are exempt from withholding under Section 1445 of the Code, along with written authorization for Parent to deliver such notice form to the Internal Revenue Service on behalf of the Company and the Subsidiaries upon Closing.

(c) Closing Deliveries of Parent and Merger Sub. At the Closing, Parent shall deliver to the Equityholders' Representative, the Principal Equityholders, the Equityholders, the PSU Holders, the Escrow Agent, or the holders of the Closing Debt, as applicable:

(i) A certificate, duly executed by an authorized officer of each of Parent and Merger Sub, dated the Closing Date, certifying that the conditions of Section 7.1(a) have been fulfilled;

(ii) Payments for those amounts described in, and in accordance with the terms and conditions of, Section 3.1(a), Section 3.1(b), and Section 3.2;

(iii) The Non-Compete Agreement, executed by Parent;

(iv) The Key Employee Agreements, executed by the Surviving Corporation; and

(v) The Escrow Agreement, executed by Parent.

SECTION 2.4 Effective Time. On the Closing Date, Parent and the Company shall cause to be filed with the Secretary of State of the State of Delaware a properly executed certificate of merger conforming to the requirements of the DGCL and in form and substance

consistent with the requirements of this Agreement and otherwise reasonably satisfactory to Parent, executed in accordance with the relevant provisions of the DGCL (the "Certificate of Merger"). The Merger shall become effective on the date and at the time that the Certificate of Merger is filed with the Secretary of State of the State of Delaware or at such subsequent time as Parent and the Company shall agree and as shall be specified in the Certificate of Merger (the "Effective Time").

SECTION 2.5 Certificate of Incorporation and Bylaws; Directors and Officers.

(a) At the Effective Time and without any further action on the part of the Company or Merger Sub, the Company's Certificate of Incorporation shall be amended to read in its entirety as the certificate of incorporation of Merger Sub reads as in effect immediately prior to the Effective Time, until thereafter changed or amended as provided therein or by applicable Law; provided, that such certificate of incorporation shall reflect as of the Effective Time "Arrowhead General Insurance Agency SuperHolding Corporation" as the name of the Surviving Corporation. The Bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by the certificate of incorporation of the Surviving Corporation and applicable Law.

(b) The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation as of the Effective Time, until the earlier of their resignation or removal or otherwise ceasing to be a director or until their respective successors are duly elected and qualified, as the case may be, in each case in the manner provided in the certificate of incorporation of the Surviving Corporation or the bylaws of the Surviving Corporation or as otherwise provided by applicable law.

(c) The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation as of the Effective Time, until the earlier of their resignation or removal or otherwise ceasing to be an officer or until their respective successors are duly elected and qualified, as the case may be, in each case in the manner provided in the certificate of incorporation of the Surviving Corporation or the bylaws of the Surviving Corporation or as otherwise provided by applicable law.

SECTION 2.6 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of (i) the holder of any shares of Company Common Stock or any shares of capital stock of Merger Sub, or (ii) Parent or Merger Sub:

(a) Each share of Company Common Stock that is held in the treasury of the Company and each share of Company Common Stock owned by Parent, Merger Sub or any other wholly-owned subsidiary of Parent shall be cancelled and retired and no consideration shall be delivered in exchange therefor.

(b) Subject to Section 2.6(d), Section 2.8, Section 2.9, and Section 3.1(a), each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock to be canceled in accordance with Section 2.6(a) and other than Dissenting Shares) shall be converted at the Effective Time into the

right to receive an amount in cash, without interest, equal to the Per Share Merger Consideration. All such shares of Company Common Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and retired, and each holder of a Certificate representing any such shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Per Share Merger Consideration with respect to such shares of Company Common Stock and the amounts payable pursuant to Section 2.8(d)(ii), Section 3.1 and Section 6.9(e).

(c) Each issued and outstanding share of the capital stock of Merger Sub shall be converted into and become as of the Effective Time one (1) validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

(d) Prior to the Closing, the Company, at its expense (which expense shall be paid in cash or accrued in Unpaid Company Transaction Expenses prior to Closing), shall convert Lewis DeFuria's rights under his current employment agreement with Arrowhead General Insurance Agency, Inc. into the right to receive (i) $8,000,000.00 of performance payment, (ii) $500,000.00 of retirement bonus and (iii) $6,500,000.00.

SECTION 2.7 Treatment of Stock-based Awards.

(a) Treatment of Company RSU Awards. Subject to Section 2.8 and Section 3.1(a), at the Effective Time, each Company RSU Award shall be cancelled in consideration of payment to the holder thereof (each, an "RSU Holder") of an amount in cash equal to the product obtained by multiplying (i) the aggregate number of shares of Company Common Stock subject to each Company RSU Award held by such RSU Holder as of immediately prior to the Effective Time, by (ii) the Per Share Merger Consideration (such amount, an "RSU Payment"). The Company shall take all necessary actions, including providing any required notice to RSU Holders and obtaining any required consents from RSU Holders, necessary to effect the transactions described in this Section 2.7(a) pursuant to the terms of the Company RSU Plans and any agreement evidencing a Company RSU Award.

(b) Treatment of Company Options. Subject to Section 2.8 and Section 3.1(a), at the Effective Time, each Company Option that has not been exercised prior to the Effective Time shall be cancelled in consideration of payment to the holder thereof (each, an "Optionholder") of an amount in cash equal to the product obtained by multiplying (i) the aggregate number of shares of Company Common Stock issuable upon the exercise of each unexercised Company Option held by such Optionholder as of immediately prior to the Effective Time, by (ii) the excess, if any, of (x) the Per Share Merger Consideration over (y) the exercise price per share of such Company Option (such amount, an "Option Payment"). The Company shall take all necessary actions, including providing any required notice to Optionholders, necessary to effect the transactions described in this Section 2.7(b) pursuant to the terms of the Company Option Plan and any agreement evidencing a Company Option.

(c) Treatment of Company PSU Awards. At the Effective Time, each Company PSU Award shall be cancelled in consideration of payment to the holder thereof (each, a "PSU Holder") of an amount in cash equal to the product obtained by multiplying (i) the aggregate number of shares of Company Preferred Stock subject to each Company PSU Award

held by such PSU Holder as of immediately prior to the Effective Time, by (ii) the sum of (x) the liquidation preference required to be paid for such share of Company Preferred Stock, plus (y) an amount equal to a prorated dividend for the period from the Dividend Payment Date (as defined in the Amended and Restated Certificate of Incorporation of the Company) immediately prior to the Closing Date pursuant to the Company Preferred Stock designations outlined in the Amended and Restated Certificate of Incorporation of the Company (such amount, the "PSU Payment"). The Company shall take all necessary actions, including providing any required notice to PSU Holders and obtaining any required consents from PSU Holders, necessary to effect the transactions described in this Section 2.7(c) pursuant to the terms of the Company PSU Plan and any agreement evidencing a Company PSU Award.

SECTION 2.8 Post-Closing Purchase Price Adjustment.

(a) Pre-Closing Estimate. At least three (3) Business Days prior to the Closing, the Company shall deliver to Parent and the Equityholders' Representative (i) the estimated unaudited balance sheet of the Company on the close of business on the Closing Date (the "Estimated Closing Balance Sheet"), together with (ii) a certificate of the Company (the "Company Pre-Closing Certificate") executed on its behalf by the Chief Financial Officer of the Company that sets forth in reasonable detail the Company's good faith estimate of the Per Share Merger Consideration as well as its estimates of Closing Working Capital (the "Estimated Working Capital"), Closing Debt ("Estimated Closing Debt"), and Unpaid Company Transaction Expenses ("Estimated Unpaid Company Transaction Expenses"), such Estimated Closing Balance Sheet and other estimates to be prepared in accordance with GAAP, using the policies, conventions, methodologies and procedures used by the Company in preparing the audited Company Financial Statements as of and for the period ended December 31, 2010. The amount set forth as Estimated Working Capital, Estimated Closing Debt, or Estimated Unpaid Company Transaction Expenses, as applicable, on the Company Pre-Closing Certificate shall be deemed to be Estimated Working Capital, Estimated Closing Debt or Estimated Unpaid Company Transaction Expenses, as applicable, for all purposes under this Agreement, provided that prior to the Company's delivery of the Estimated Closing Balance Sheet and the Company Pre-Closing Certificate, Parent shall have a reasonable opportunity to review and consult with the Company with respect to the Company's preparation of the Estimated Closing Balance Sheet and the above estimates set forth in the Company Pre-Closing Certificate.

(b) Calculation. As promptly as practicable, but in no event later than sixty (60) days following the Closing Date, the Surviving Corporation shall, at its expense, (i) cause to be prepared, in accordance with GAAP, using the policies, conventions, methodologies and procedures used by the Company in preparing the Company Financial Statements, an unaudited balance sheet of the Company on the close of business on the Closing Date (the "Closing Balance Sheet"), together with a statement (the "Closing Date Schedule") setting forth in reasonable detail the Surviving Corporation's calculation of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses, and (ii) deliver to the Equityholders' Representative the Closing Balance Sheet and the Closing Date Schedule, together with a certificate of the Surviving Corporation executed on its behalf by its Chief Financial Officer confirming that the Closing Balance Sheet and the Closing Date Schedule were properly prepared in good faith and in accordance with GAAP, using the policies, conventions, methodologies and procedures used by the Company in preparing the Company Financial

Statements. Solely in connection with the preparation of the Closing Balance Sheet and Closing Date Schedule, Parent agrees that it shall not, and shall cause the Surviving Corporation not to, take any actions with respect to the accounting books and records of the Surviving Corporation on which the Closing Balance Sheet or Closing Date Schedule are to be based that are not consistent with the past practices of the Group Companies.

(c) Review; Disputes.

(i) From and after the Effective Time, the Surviving Corporation shall provide the Equityholders' Representative and any accountants or advisors retained by the Equityholders' Representative with full access to the books and records of the Surviving Corporation for the purposes of: (A) enabling the Equityholders' Representative and its accountants and advisors to calculate, and to review the Surviving Corporation's calculation of, Closing Working Capital, Closing Cash, Closing Debt, Unpaid Company Transaction Expenses; and (B) identifying any dispute related to the calculation of any of Closing Working Capital, Closing Cash, Closing Debt, or Unpaid Company Transaction Expenses in the Closing Date Schedule. The reasonable fees and expenses of any such accountants and advisors retained by the Equityholders' Representative shall be paid by the Equityholders' Representative and reimbursed to the Equityholders' Representative pursuant to Section 10.1(b).

(ii) If the Equityholders' Representative disputes the calculation of any of Closing Working Capital, Closing Cash, Closing Debt and Unpaid Company Transaction Expenses set forth in the Closing Date Schedule, then the Equityholders' Representative shall deliver a written notice (a "Dispute Notice") to the Surviving Corporation and the Escrow Agent at any time during the sixty (60) day period commencing upon receipt by the Equityholders' Representative of the Closing Balance Sheet, the Closing Date Schedule and the related certificate of the Surviving Corporation's Chief Financial Officer, all as prepared by the Surviving Corporation in accordance with the requirements of Section 2.8(b) (subject to extension for any period of inadequate access to the underlying records) (the "Review Period"). The Dispute Notice shall set forth the basis for the dispute of any such calculation in reasonable detail.

(iii) If the Equityholders' Representative does not deliver a Dispute Notice to the Surviving Corporation prior to the expiration of the Review Period, the Surviving Corporation's calculation of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses set forth in the Closing Date Schedule shall be deemed final and binding on Parent, the Surviving Corporation, the Equityholders' Representative and the Equityholders for all purposes of this Agreement.

(iv) If the Equityholders' Representative delivers a Dispute Notice to the Surviving Corporation prior to the expiration of the Review Period, then the Equityholders' Representative and the Surviving Corporation shall use commercially reasonable efforts to reach agreement on the portions of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses which were timely disputed in the Dispute Notice. Except to the extent set forth in a Dispute Notice timely delivered, the Surviving Corporation's calculation of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses set forth in the Closing Date Schedule shall be deemed final and binding on Parent, the Surviving Corporation,

the Equityholders' Representative and the Equityholders in all other respects for all purposes of this Agreement. If the Equityholders' Representative and the Surviving Corporation are unable to reach agreement on disputed portions of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses within thirty (30) days after the end of the Review Period, the parties shall refer such dispute and submit their related workpapers to KPMG, or such other nationally recognized independent accounting firm that is mutually agreed upon by the Surviving Corporation and the Equityholders' Representative (such firm, or any successor thereto, being referred to herein as the "Accounting Firm") after such thirtieth (30th) day. In connection with the resolution of any such dispute by the Accounting Firm: (i) each of the Surviving Corporation and the Equityholders' Representative shall have a reasonable opportunity to make written submissions in support of its position to the Accounting Firm, and meet with the Accounting Firm to provide its views as to any disputed issues with respect to the calculation of any of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses; (ii) each of the Surviving Corporation and the Equityholders' Representative shall promptly provide, or cause to be provided, to the Accounting Firm all information, and to make available to the Accounting Firm its personnel, as are reasonably necessary to permit the Accounting Firm to resolve such disputes; (iii) the Accounting Firm shall determine Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses in accordance with the terms of this Agreement within thirty (30) days of such referral and upon reaching such determination shall deliver a copy of its calculations (the "Expert Calculations") to the Equityholders' Representative, Surviving Corporation and the Escrow Agent; and (iv) the determination made by the Accounting Firm of Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses shall be final and binding on Parent, the Surviving Corporation, the Equityholders' Representative and the Equityholders for all purposes of this Agreement, absent manifest error. In calculating Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses, (x) the Accounting Firm shall be limited to addressing any particular disputes referred to in the Dispute Notice and (y) each such amount shall be no greater than the higher corresponding amount calculated by the Equityholders' Representative and the Surviving Corporation, as the case may be, and no lower than the lower corresponding amount calculated by the Equityholders' Representative and the Surviving Corporation, as the case may be. The Expert Calculations shall reflect in detail the differences, if any, between Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses reflected therein and Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses set forth in the Closing Date Schedule. The fees and expenses of the Accounting Firm shall be borne by the Surviving Corporation and the Equityholders' Representative in proportion to how close each party's position was to the determination of the Accounting Firm (it being understood that any fees and expenses of the Accounting Firm payable by the Equityholders' Representative shall be reimbursed pursuant to Section 10.1(b)). All negotiations pursuant to this Section 2.8 shall be treated as compromise and settlement negotiations for the purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules of evidence, and all submissions to the Accounting Firm shall be treated as confidential information.

(d) Payment Upon Final Determination of Adjustments.

(i) If (A) the difference of Closing Working Capital, less Closing Debt and Unpaid Company Transaction Expenses, as finally determined in accordance with Section 2.8(c), is less than (B) the difference of Estimated Working Capital, less Estimated

Closing Debt and Estimated Unpaid Company Transaction Expenses, as finally estimated in accordance with Section 2.8(a), then the Equityholders' Representative shall pay the amount of such deficiency to the Surviving Corporation solely from the Escrow Fund. Notwithstanding any provision of this Agreement to the contrary, the Surviving Corporation's sole recourse for payment of any such deficiency pursuant to this Section 2.8(d)(i) shall be the Escrow Fund and neither Parent nor the Surviving Corporation or any of their respective Affiliates shall have any claim against any Equityholder in respect thereof.

(ii) If (A) the difference of Closing Working Capital, less Closing Debt and Unpaid Company Transaction Expenses, as finally determined in accordance with Section 2.8(c), less (B) the difference of Estimated Working Capital, less Estimated Closing Debt and Estimated Unpaid Company Transaction Expenses, as finally estimated in accordance with Section 2.8(a), is greater than zero, then the Surviving Corporation shall, no later than one Business Day after such determination (or, if such Equityholder is a holder of Company Common Stock and has not exchanged such Equityholder's Certificates pursuant to Article III, then upon such exchange by such Equityholder), cause to be paid to each Equityholder by delivery of immediately available funds to such Equityholder an amount equal to the product of such excess multiplied by such Equityholder's Applicable Percentage.

SECTION 2.9 Earn-Out Amount.

(b) Notwithstanding anything in this Agreement to the contrary, within sixty (60) days following the third (3rd) anniversary of the Closing Date, Parent shall pay to the Earn-Out Equityholders, as consideration for their Company Common Stock, the final Earn-Out Amount. The final Earn-Out Amount shall be allocated to each Earn-Out Equityholder based on a ratio, the numerator of which is such Earn-Out Equityholder's Applicable Percentage and denominator of which is the aggregate of all Earn-Out Equityholders' Applicable Percentages.

(c) For purposes of this Agreement, "EBITDA" means earnings before interest, taxes, depreciation, and amortization. EBITDA will be determined in accordance with GAAP and Parent's standard accounting methodology and procedures, consistently applied. Notwithstanding the foregoing, if there is any conflict between Parent's standard accounting methodology and practices and the terms of this Agreement, then solely for purposes of calculating the Earn-Out Amount hereunder, the terms of this Agreement will govern. For clarity, the definition of EBITDA under this Agreement shall be used solely for purposes of determining the Earn-Out Amount hereunder and the aggregate awarded shares of Parent's common stock to the Management Equityholders under their respective Performance Stock Agreements, and not to determine the financial performance of the Group Companies for any other purpose.

(d) Without limiting the foregoing:

(i) EBITDA will be computed without regard to "extraordinary items" of gain or loss as that term shall be defined in GAAP;

(ii) EBITDA will not include any gains, losses or profits realized from the sale of any assets;

(iii) Notwithstanding any GAAP requirement that any Group Company or Parent post accruals for (A) direct bill Commissions or (B) Contingent Revenues on its balance sheet, for purposes of determining the Earn-Out Amount, direct bill Commissions and Contingent Revenues are recognized when received (i.e., on a cash basis).

(iv) Agency bill Commissions are recognized as follows:

(A) For agency bill policies for which premiums are paid in full at inception rather than in installments, such Commissions are recognized on the later of the policy effective date (as indicated in the policy) or the date that the premium was billed to the Client (as indicated in the premium invoice).

(B) For agency bill policies for which premiums are paid in installments during the policy period, such Commissions are recognized on the later of the payment due date for each installment (as indicated in the policy) or the date each installment was billed to the Client (as indicated in the invoice for each installment), provided, however, that notwithstanding the foregoing, during the Earn-Out Period:

(1) With respect to the Group Companies' personal auto, residential property, and residential earthquake programs, for agency bill policies for which premiums are paid in installments during the policy period, such Commissions are recognized in full on the later of (a) the transaction date (as indicated in the invoice and (b) the effective date of such policy; and

(2) Commissions for workers compensation policies are recognized on an earned basis, in equal monthly amounts of one-twelfth (1/12) over the policy year;

(v) Service Fees are recognized as follows: (A) policy, billing, and reinstatement fees are recognized on the effective date of the related policy; and (B) fees for claims administration, loss control, and other risk management services are recognized ratably as such services are rendered, measured consistently with current practices.

(e) Notwithstanding anything herein to the contrary, the following shall apply to the calculation of EBITDA:

(i) Revenues shall exclude the following items:

(A) Late fees charged to Client Accounts, provided that policy cancellation fees and policy reinstatement fees shall be included as Service Fees and shall not be excluded as late fees hereunder;

(A) First year Commissions earned from any Individual Financial Products unless earned by a business line approved by Parent;

(B) Any Commissions earned from any (1) Individual Financial Products written on the lives of any Senior Executive, any director, officer or key employee of any Group Company or any Institutional Equityholder, or any family member of any Senior Executive or any director, officer or key employee of any Group Company or any Institutional Equityholder, or (2) Insurance Products or Services placed or provided for any Group Company, any Institutional Equityholder, or any of their respective Affiliates;

(B) Interest;

(C) Countersignature fees;

(D) Commissions derived from any insurance coverages written with any Carrier not approved by Parent's Market Security Committee;

(E) Commissions accrued on the Group Companies' or Parent's balance sheet and attributable to direct bill policies or GSCs;

(F) Any revenues recognized during the three (3)-year period beginning February 1, 2012, and ending January 31, 2015 (the "Earn-Out Period") under GAAP to reflect any changes in the fair value of the Earn-Out Amount;

(G) Any benefits paid to Parent under any Management Equityholder Life Policy purchased by Parent; and

(H) Any purchase price or other consideration that Parent or any Group Company receives from any sale or transfer of Client Accounts during the Earn-Out Period, except as otherwise provided below.

(ii) Except with respect to Commissions generated from endorsements or audits, no more than twelve (12) months' of revenues generated from any one Client Account will be included in any twelve (12)-month period.

(iii) If any accounts receivable for premiums or Service Fees due from a Client Account ("Premiums/Fees Receivable") are written off as bad debt in accordance with Parent's accounts receivable collection policy, as the same may be modified on a company-wide basis from time to time, during the Earn-Out Period, any corresponding Commissions or Service Fees that were previously recognized as revenue during the Earn-Out Period, and not otherwise reduced (e.g., by cancellation credits), will be excluded dollar-for-dollar from revenues; provided, however, that if such Premiums/Fees Receivable are later collected during the Earn-Out Period, any corresponding Commissions or Services Fees will be included in revenues. No Commissions or Service Fees corresponding to Premiums/Fees Receivable that were written-off as uncollectible bad debt before the Effective Time and are later collected during the Earn-Out Period will be included in revenues.

(iv) In calculating revenues, earned Commissions will be reduced for any cancellations or non-renewals effective during the Earn-Out Period, or recorded or received between the end of the Earn-Out Period and the calculation and payment of the final Earn-Out Amount, for any policies placed before or during the Earn-Out Period for the Jumbo Account.

(v) EBITDA will reflect all expenses actually incurred by the Group Companies and the following corporate expenses charged by Parent to its profit centers:

(A) A charge (not to exceed 1.60% of annual revenues), consistent with the charge to Parent's other profit centers, for Parent's premium and deductible expense for its errors and omissions (E&O) and other insurance coverages;

(B) Charges for actual legal and other professional fees paid to third-party service providers and incurred by or on behalf of the Group Companies;

(vi) A charge for actual costs attributable to attendance at Parent's annual sales meeting;

(vii) A charge for the full amount of any judgment or settlement (in the case of any errors and omissions (E&O) or employment practices liability (EPL) claim, up to a maximum of $100,000.00), and the full amount of all related legal fees, costs and expenses (regardless of the type of claim), with respect to any claim arising on or after the Closing Date against any Group Company, net of any applicable insurance proceeds actually paid (any applicable deductibles, judgment or settlement amount, and all related legal fees, costs and expenses for any Action pending as of, or any claim arising before, the Closing Date, will be subject to Parent's indemnity rights under Article IX);

(viii) Charges for the total compensation expense (including direct compensation and bonus compensation, group health plan and other Employee Benefit Plan-related expenses, expense accruals for paid time off (PTO) for applicable employees, and all compensation-related Tax-related liabilities) for all employees of the Group Companies, provided that as to new hires whose direct compensation qualifies for subsidization under Parent's corporate assistance program, such subsidized direct compensation will not be included within Expenses. For the second twelve (12)-month period ("Year Two") and third twelve (12)-month period ("Year Three") of the Earn-Out Period, the direct compensation expense charge may, subject to Parent's prior written approval, include an increase of up to three and one-half percent (3.5%) of the total direct compensation expense of New Profit Center employees, other than Management Equityholders, over the prior twelve (12)-month period (such increase, the "Salary Increase Pool"). The Salary Increase Pool, if any, will be distributed in Year Two and Year Three as annual salary increases among New Profit Center employees other than Management Equityholders in such amounts as the New Profit Center Leader may determine in his or her discretion.

(ix) Expenses will also include charges for depreciation, in accordance with Parent's standard accounting methodology and practices, for computers, furniture and other tangible personal property acquired by the Group Companies on or after the Effective Time in excess of **$750,000.00** per year, unless otherwise approved by Parent; and

(x) Expenses for optional marketing materials, programs, and services offered by Parent that any Group Company orders or in which any Group Company elects to participate.

(xi) The following are excluded from "Expenses":

(A) Any acquisition amortization expense related to the Merger;

(B) Parent's income tax expense;

(C) Parent's cost of capital;

(D) Any premium expense incurred by Parent in connection with the purchase of any Management Equityholder Life Policy;

(E) Any expenses recognized during the Earn-Out Period under GAAP to reflect any changes in the fair value of the Earn-Out Amount; and

(F) Any expenses associated with compliance with (w) Parent's quality control guidelines; (x) Parent's accounting methodology, procedures, guidelines, and internal controls; (y) the Sarbanes-Oxley Act of 2002, as amended, and other applicable Law; and (z) any necessary information technology (IT) upgrades as required by Parent.

(f) Management of New Profit Center During Earn-Out Period. For a period extending at least for the Earn-Out Period:

(i) The Group Companies will be collectively operated as a new profit center of Parent (the "New Profit Center") and shall be managed by a profit center leader (the "New Profit Center Leader"). Chris L. Walker will serve as the New Profit Center Leader during the Earn-Out Period, unless otherwise agreed between Mr. Walker and Parent or Mr. Walker's employment with Parent or the Group Companies terminates for any reason before the end of the Earn-Out Period.

(ii) The management of the New Profit Center will be generally consistent with the past business practices and corporate policies of the Group Companies, subject to compliance with: Parent's quality control guidelines; Parent's accounting methodology, procedures, guidelines, and internal controls; the Sarbanes-Oxley Act of 2002, as amended, and other applicable Law; any necessary information technology (IT) upgrades as required by Parent; and generally the requirement to manage the New Profit Center for the long-term benefit of Parent and Parent's shareholders.

(iii) The New Profit Center Leader may not make any managerial decision, including any decision to minimize the New Profit Center's expenses in the Earn-Out Period (including by implementing material staff reductions that are not dictated by a corresponding reduction in business or, in individual cases and with Parent's reasonable prior written approval, by a legitimate business reason, unrelated to the determination of whether the maximum Earn-Out Amount will be achieved), for the primary purpose of maximizing EBITDA and the Earn-Out Amount. Conversely, Parent may not take any action, including any action to increase the New Profit Center's expenses during the Earn-Out Period, for the primary purpose of minimizing EBITDA.

(g) Acquisitions or Transfers During Earn-Out Period.

(i) During the Earn-Out Period, no acquisitions by Parent or the New Profit Center will be merged into the New Profit Center unless mutually agreed by the parties. Any mutually agreed Fold-In Acquisitions will be treated in accordance with Section 2.10.

(ii) If Parent elects to sell, transfer, assign, or remove ("Transfer") any Client Accounts of the New Profit Center during the Earn-Out Period, an amount equal to (1) the core Commissions and Service Fees earned by the Group Companies during the twelve (12)-month period immediately preceding the effective date of such Transfer, *less* any such Commissions or Service Fees that the Group Companies have already recognized before the effective date of the Transfer ("Net Core Revenue"), times (2) the EBITDA Margin, will be credited for purposes of calculating EBITDA for Year Three. The term "EBITDA Margin" means the quotient of EBITDA earned by the Group Companies during the twelve (12)-month period immediately preceding the effective date of such Transfer, divided by Net Core Revenue.

(h) Calculation. As promptly as practicable, but in no event later than sixty (60) days following the end of Year Three, the Surviving Corporation shall, at its expense, (i) cause to be prepared a statement (the "Earn-Out Amount Statement") setting forth in reasonable detail the Surviving Corporation's calculation of EBITDA for Year Three and the final Earn-Out Amount, giving effect to any Fold-In Acquisitions consummated during the Earn-Out Period in accordance with Section 2.10, and (ii) deliver to Chris L. Walker, as representative for the Earn-Out Equityholders, the Earn-Out Amount Statement. For purposes of this subsection (h), references to "Chris L. Walker" shall include any Earn-Out Equityholder that replaces or succeeds Chris L. Walker as the Earn-Out Equityholders' representative under this subsection (h).

(i) During Year Three, the Surviving Corporation shall provide Chris L. Walker and any accountants or advisors retained by Chris L. Walker with full access to the books and records of the Surviving Corporation for the purposes of: (A) enabling Chris L. Walker and the retained accountants and advisors to calculate, and to review the Surviving Corporation's calculation of, EBITDA and the Earn-Out Amount; and (B) identifying any dispute related to the calculation of EBITDA or the Earn-Out Amount in the Earn-Out Amount Statement. The reasonable fees and expenses of any such accountants and advisors retained by Chris L. Walker shall be paid by the Earn-Out Equityholders and not Parent or the Surviving Corporation.

(ii) If Chris L. Walker disputes the calculation of EBITDA or the Earn-Out Amount set forth in the Earn-Out Amount Statement, then Chris L. Walker shall deliver a written notice (an "Earn-Out Amount Dispute Notice") to the Surviving Corporation at any time during the sixty (60) day period commencing upon receipt by Chris L. Walker of the Earn-Out Amount Statement (subject to extension for any period of inadequate access to the underlying records) (the "Earn-Out Amount Review Period"). The Earn-Out Amount Dispute Notice shall set forth the basis for the dispute of any such calculation in reasonable detail.

(iii) If Chris L. Walker does not deliver an Earn-Out Amount Dispute Notice to the Surviving Corporation prior to the expiration of the Earn-Out Amount Review Period, the Surviving Corporation's calculation of EBITDA and the Earn-Out Amount set forth in the Earn-Out Amount Statement shall be deemed final and binding on Parent, the Surviving Corporation, Chris L. Walker and the Earn-Out Equityholders for all purposes of this Agreement.

(iv) If Chris L. Walker delivers an Earn-Out Amount Dispute Notice to the Surviving Corporation prior to the expiration of the Earn-Out Amount Review Period, then

Chris L. Walker and the Surviving Corporation shall use commercially reasonable efforts to reach agreement on the portions of the EBITDA and Earn-Out Amount calculation which were timely disputed in the Earn-Out Amount Dispute Notice. Except to the extent set forth in an Earn-Out Amount Dispute Notice timely delivered, the Surviving Corporation's calculation of EBITDA and the Earn-Out Amount set forth in the Earn-Out Amount Statement shall be deemed final and binding on Parent, the Surviving Corporation, Chris L. Walker and the Earn-Out Equityholders in all other respects for all purposes of this Agreement. If Chris L. Walker and the Surviving Corporation are unable to reach agreement on disputed portions of the EBITDA and/or the Earn-Out Amount calculations set forth in the Earn-Out Amount Statement within thirty (30) days after the end of the Earn-Out Amount Review Period, the parties shall refer such dispute and submit their related workpapers to the Accounting Firm after such 30th day. In connection with the resolution of any such dispute by the Accounting Firm: (A) each of the Surviving Corporation and Chris L. Walker shall have a reasonable opportunity to make written submissions in support of its position to the Accounting Firm, and meet with the Accounting Firm to provide its views as to any disputed issues with respect to the calculation of EBITDA and/or the Earn-Out Amount; (B) each of the Surviving Corporation and the Equityholders' Representative shall promptly provide, or cause to be provided, to the Accounting Firm all information, and to make available to the Accounting Firm its personnel, as are reasonably necessary to permit the Accounting Firm to resolve such disputes; (C) the Accounting Firm shall determine EBITDA and the Earn-Out Amount in accordance with the terms of this Agreement within thirty (30) days of such referral and upon reaching such determination shall deliver a copy of its calculations (the "Earn-Out Amount Expert Calculations") to Chris L. Walker and Surviving Corporation Agent; and (D) the determination made by the Accounting Firm of EBITDA and the Earn-Out Amount shall be final and binding on Parent, the Surviving Corporation, Chris L. Walker and the Earn-Out Equityholders for all purposes of this Agreement, absent manifest error. In calculating EBITDA and the Earn-Out Amount, (x) the Accounting Firm shall be limited to addressing any particular disputes referred to in the Earn-Out Amount Dispute Notice and (y) each such amount shall be no greater than the higher corresponding amount calculated by Chris L. Walker and the Surviving Corporation, as the case may be, and no lower than the lower corresponding amount calculated by Chris L. Walker and the Surviving Corporation, as the case may be. The Earn-Out Amount Expert Calculations shall reflect in detail the differences, if any, between EBITDA and the Earn-Out Amount reflected therein and EBITDA and the Earn-Out Amount set forth in the Earn-Out Amount Statement. The fees and expenses of the Accounting Firm shall be borne by the Surviving Corporation and Chris L. Walker in proportion to how close each party's position was to the determination of the Accounting Firm. All negotiations pursuant to this subsection **(g)** shall be treated as compromise and settlement negotiations for the purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules of evidence, and all submissions to the Accounting Firm shall be treated as confidential information.

(v) The Surviving Corporation shall, no later than one Business Day after the final determination of EBITDA and the Earn-Out Amount in accordance with this subsection (g) by delivery of immediately available funds to each Earn-Out Equityholder, an amount equal to the product of the final Earn-Out Amount multiplied by a fraction, the numerator of which is the number of shares of Company Common Stock held by such Earn-Out Equityholder as of the Closing Date, and the denominator of which is the total number of shares of Company Common Stock held by all Earn-Out Equityholders as of the Closing Date.

SECTION 2.10 Fold-In Acquisitions.

(a) As used herein, the term:

(i) "Fold-In Acquisition" means the acquisition by Parent or the Group Companies of any insurance intermediary operation (A) which any Senior Executive identifies and introduces to Parent during the Earn-Out Period as an acquisition prospect, (B) which Parent, any Group Company, or any of their Affiliates had not previously identified and contacted as an acquisition prospect, (C) as to which any Senior Executive materially contributed to the consummation of the acquisition during his or her employment with the Group Companies after the Closing Date, and (D) which acquisition either (1) combines with and into ("folds into") the New Profit Center or (2) operates as a branch of the New Profit Center under the management of the New Profit Center Leader. For avoidance of doubt, those insurance intermediary organizations set forth in Schedule 2.10(a)(i) shall be considered Fold-In Acquisitions provided the conditions set forth in clauses (B), (C), and (D) above are otherwise satisfied and Parent's or any Group Company's acquisition of such organization is completed during the Earn-Out Period.

(ii) "Fold-In Acquisitions Cost of Capital Charge" means the sum of:

(A) Six percent (6%) of the aggregate purchase price paid or payable by Parent, the applicable Group Company, or the applicable Affiliate thereof, as the case may be, on any Fold-In Acquisitions completed during the first or second years of the Earn-Out Period, plus

(B) four percent (4%) of the aggregate purchase price paid or payable by Parent, the applicable Group Company, or the applicable Affiliate thereof, as the case may be, on any Fold-In Acquisitions completed during the third year of the Earn-Out Period.

(iii) "Fold-In Acquisitions Payments Amount" means the sum of:

(A) one hundred percent (100%) of the quotient of (1) the aggregate purchase price paid or payable by Parent, the applicable Group Company, or the applicable Affiliate thereof, as the case may be, on any Fold-In Acquisitions completed during the first or second year of the Earn-Out Period, *divided by* (2) fifteen (15), plus

(B) sixty-seven percent (67%) of the quotient of (1) the aggregate purchase price paid or payable by Parent, the applicable Group Company, or the applicable Affiliate thereof, as the case may be, on any completed Fold-In Acquisitions during the third year of the Earn-Out Period, *divided by* (2) fifteen (15).

(iv) "Fold-In Acquisitions Support Charge" means an aggregate charge for Parent's support services in investigating, negotiating, completing, and integrating Fold-In Acquisitions, equal to thirty-three percent (33%) of the *pro forma* EBITDA for any Fold-In Acquisition, as of the effective date of such Fold-In Acquisition.

(b) During the Earn-Out Period, Parent shall permit the Senior Executives to use commercially reasonable efforts to identify, meet with, and introduce prospective Fold-In

Acquisition opportunities to Parent and the Group Companies, provided that such activities do not materially interfere with the satisfactory performance the Senior Executives' duties under their employment agreements with the Group Companies or, without Parent's prior written consent, require that any business time be expended by any other employee of the Group Companies.

(c) Any Fold-In Acquisition shall be subject to Parent's prior approval and satisfactory due diligence investigation. Prior to the completion of any acquisition that might reasonably meet the definition of a Fold-In Acquisition, Parent and the New Profit Center Leader, shall mutually agree in writing as to whether such acquisition shall be deemed a Fold-In Acquisition. Fold-In Acquisitions that will physically combine operations into the New Profit Center's offices and that are completed during the Earn-Out Period shall fold into the New Profit Center's office as quickly as reasonably possible, subject to the availability of sufficient office space, distance from the New Profit Center's offices or other transactional issues that might require the Fold-In Acquisition be a new stand-alone office.

(d) In determining Year Three EBITDA and the Earn-Out Amount under Section 2.9, for each Fold-In Acquisition:

(i) EBITDA shall include all EBITDA earned from such Fold-In Acquisition during Year Three; and

(ii) The Fold-In Acquisitions Cost of Capital Charge, the Fold-In Acquisitions Payments Amount, and the Fold-In Acquisitions Support Charge for such Fold-In Acquisition shall be deducted dollar-for-dollar from the Earn-Out Amount; provided, that the Fold-In Acquisitions Support Charge shall only be applied in the year the applicable Fold-In Acquisition is consummated.

(e) Solely for illustrative purposes, Exhibit G to this Agreement sets forth examples of the effect of certain Fold-In Acquisitions on EBITDA; the Fold-In Acquisitions Cost of Capital Charge, the Fold-In Acquisitions Payments Amount, and the Fold-In Acquisitions Support Charge for such Fold-In Acquisitions; and the resulting effect on the Earn-Out Amount. In the event of a conflict between Exhibit G and the terms of this Agreement, the terms of this Agreement shall control and govern.

SECTION 2.11 Withholding Rights. Parent and the Surviving Corporation, as the case may be, shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Equityholder any amounts which are required to be deducted and withheld with respect to the making of such payment under the Code, or any applicable provision of state, local or foreign Tax Law, including the types of withholding disclosed on Schedule 2.11; provided, however, that (a) before making any such deduction or withholding, Parent or the Surviving Corporation, as applicable, shall give the Equityholders' Representative notice of the intention to make such deduction or withholding (such notice, which shall include the authority, basis and method of calculation for the proposed deduction or withholding, shall be given at least a commercially reasonable period of time before such deduction or withholding is required, in order for the Equityholders' Representative to obtain reduction of or relief from such deduction or withholding), (b) Parent or the Surviving Corporation, as applicable, shall cooperate

with the Equityholders' Representative to the extent reasonable in efforts to obtain reduction of or relief from such deduction or withholding, and (c) Parent or the Surviving Corporation, as applicable, shall timely remit to the appropriate Governmental Authority any and all amounts so deducted or withheld and timely file all Tax Returns and provide to the Equityholders' Representative such information statements and other documents required to be filed or provided under applicable Tax Law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Authority by Parent or the Surviving Corporation in accordance with the foregoing, such amounts shall be treated for all purposes of this Agreement as having been paid to the Equityholder in respect of which such deduction and withholding was made by Parent or the Surviving Corporation.

ARTICLE III.
PAYMENT TO EQUITYHOLDERS; EXCHANGE OF CERTIFICATES

SECTION 3.1 Payment to Equityholders; Exchange of Certificates.

(a) Payment to Equityholders. At the Closing, (i) each holder of Company Common Stock shall deliver to the Surviving Corporation for cancellation the stock certificates representing such holder's shares of Company Common Stock (collectively, the "Certificates"), together with (A) a letter of transmittal, in form reasonably satisfactory to Parent, including, among other terms, (x) a statement acknowledging that delivery of the consideration to be paid to such holder under this Agreement shall be effected, and risk of loss and title to Company Common Stock held by such holder shall pass, only upon delivery of the applicable Certificates, (y) representations and warranties as to ownership and title to such Company Common Stock, and (z) wire transfer instructions for such holder, duly completed and validly executed in accordance with the instructions thereto, (B) an IRS Form W-8 or W-9, as applicable, duly completed and validly executed in accordance with the instructions thereto, and (C) a written consent to delivery of such holder's shares of Company Common Stock, in form reasonably satisfactory to Parent, by each married holder from such holder's spouse, as may be required pursuant to California community property law, duly completed and validly executed in accordance with the instructions thereto (together, the "Certificate Package"); (ii) (A) Parent shall, or shall cause the Surviving Corporation to, pay the aggregate Per Share Merger Consideration to all Equityholders, other than Lewis DeFuria, pursuant to Section 2.6 to the account or accounts designated in such Equityholder's letter of transmittal by means of a wire transfer of immediately available funds, against delivery of such Equityholder's Certificate Package, (B) Parent shall pay to the Surviving Corporation, and shall cause the Surviving Corporation to pay to all Equityholders through the Company's payroll system, the aggregate RSU Payments to be paid pursuant to Section 2.7(a), which payments shall be subject to withholding as contemplated under Section 2.11, (C) Parent shall pay to the Surviving Corporation, and shall cause the Surviving Corporation to pay to all Equityholders through the Company's payroll system, the aggregate Option Payments to be paid pursuant to Section 2.7(b), which payments shall be subject to withholding as contemplated under Section 2.11, and (D) Parent shall pay to the Surviving Corporation, and shall cause the Surviving Corporation to pay to Lewis DeFuria through the Company's payroll system, the amount owed to Lewis DeFuria pursuant to Section 2.6(d), which payment shall be subject to withholding as contemplated under Section 2.11, except that (w) the amount of the Per Share Merger Consideration to be paid at the Closing, and to be used to determine the aggregate RSU Payments and the aggregate Option

Payments, shall be based on the Estimated Working Capital, Estimated Closing Debt and Estimated Unpaid Company Transaction Expenses instead of the Closing Working Capital, Closing Debt and Unpaid Company Transaction Expenses, (x) the sum of **One Hundred Thousand Dollars** (**$100,000.00)** (the "Non-Compete Amount") shall be deducted from the aggregate Per Share Merger Consideration, the aggregate RSU Payments and the aggregate Option Payments and paid to the Principal Equityholders, with each Principal Equityholder receiving **Ten Thousand Dollars ($10,000.00)** in consideration of entering into the Non-Compete Agreement; (y) the sum of **Thirty Million Dollars ($30,000,000.00)** (the "Escrow Fund") shall be deducted from the aggregate Per Share Merger Consideration, the aggregate RSU Payments and the aggregate Option Payments and such Escrow Fund shall be delivered to the Escrow Agent to hold in accordance with the terms of the Escrow Agreement, and (z) the sum of **Five Hundred Thousand Dollars ($500,000.00)** (the "Equityholder Reserve") shall be deducted from the aggregate Per Share Merger Consideration, the aggregate RSU Payments and the aggregate Option Payments and delivered to the Equityholders' Representative to hold in accordance with Section 10.1; and (iii) Parent shall, or shall cause the Surviving Corporation to, deliver the Escrow Fund to the Escrow Agent pursuant to the Escrow Agreement and the Equityholder Reserve to the Equityholders' Representative, it being understood and agreed that the Escrow Fund and the Equityholder Reserve shall be deducted from, and credited toward, each Equityholder in proportion to such Equityholder's Applicable Percentage.

(b) Payment to PSU Holders. At the Closing, Parent shall pay to the Surviving Corporation, and shall cause the Surviving Corporation to pay to all PSU Holders through the Company's payroll system, the aggregate PSU Payments to be paid pursuant to Section 2.7(c), which payments shall be subject to withholding as contemplated under Section 2.11.

(c) Exchange of Certificates. Upon surrender of a Certificate for cancellation to the Surviving Corporation, together with the other documents included in the Certificate Package, each duly completed and validly executed in accordance with the instructions thereto, the Certificates so surrendered shall forthwith be cancelled, and the holder of the Certificate shall be entitled to receive in exchange therefor, the Per Share Merger Consideration payable to such holder pursuant to Section 2.6. Until so surrendered, each outstanding Certificate shall be deemed from and after the Effective Time, for all corporate purposes, to evidence only the right to receive the Per Share Merger Consideration pursuant to Section 2.6, without interest thereon.

(d) Lost, Stolen or Destroyed Certificates. If any Certificate shall have been lost, stolen or destroyed, upon (i) the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and (ii) the execution and delivery to the Surviving Corporation by such Person of an indemnity agreement in customary form and substance, Parent or the Surviving Corporation shall, subject to Section 3.1(a), issue, in exchange for such lost, stolen or destroyed Certificate, the amount of cash, without interest, that such Person would have been entitled to receive had such Person surrendered such lost, stolen or destroyed Certificate to the Surviving Corporation pursuant to Section 2.6.

(e) No Liability. Notwithstanding anything to the contrary in this Section 3.1, neither the Company, Parent nor the Surviving Corporation shall be liable to any Person for any amount properly paid to a public official pursuant to any abandoned property, escheat or similar Law.

SECTION 3.2 Company Debt. Prior to the Closing, the Company shall (i) deliver a notice of prepayment with respect to any Closing Debt, and (ii) deliver to the Parent payoff letters related to such Closing Debt, duly executed by the lenders party thereto, confirming the amount of such Closing Debt and the agreement to release the Company or such Subsidiary, as applicable, from (A) all obligations with respect to such Closing Debt as of the payment of such Closing Debt, and (B) Encumbrances associated with such Debt. Simultaneously with the Closing, Parent shall repay, or cause to be repaid, on behalf of the Group Companies, any outstanding amount of Closing Debt of the Group Companies by wire transfer of immediately available funds as directed by the holders of such Closing Debt.

SECTION 3.3 Dissenting Shares. If required by the DGCL, but only to the extent required thereby, shares of Company Common Stock which are issued and outstanding immediately prior to the Effective Time and which are held by holders of such shares of Company Common Stock who have properly exercised appraisal rights with respect thereto in accordance with the DGCL (the "Dissenting Shares") shall not be exchangeable for the right to receive the Per Share Merger Consideration, and holders of such shares of Company Common Stock shall be entitled to receive payment of the appraised value of such shares of Company Common Stock in accordance with the provisions of the DGCL unless and until such holders fail to perfect or effectively withdraw or lose their rights to appraisal and payment under the DGCL. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses such right, such shares of Company Common Stock shall thereupon be treated as if they had been converted into and to have become exchangeable for, at the Effective Time, the right to receive the Per Share Merger Consideration. The Company shall give Parent and Merger Sub prompt notice of any written demands for appraisal, withdrawals of demands for appraisal and any other related instruments received by the Company. The Company shall not, except with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), voluntarily make any payment with respect to any demands for appraisal or settle or offer to settle any such demand.

SECTION 3.4 No Further Ownership Rights in Shares of Company Common Stock; Closing of Company Transfer Books. At and after the Effective Time, each holder of Company Common Stock shall cease to have any rights as a stockholder of the Company, except for, in the case of a holder of Company Common Stock (other than shares to be cancelled pursuant to Section 2.6(a) or Dissenting Shares), the right to surrender his or her Certificate in exchange for payment of the Per Share Merger Consideration and the amounts payable pursuant to Section 2.8(d)(ii), Section 3.1 and Section 6.9(e) or, in the case of a holder of Dissenting Shares, to perfect his or her right to receive payment for his or her shares of Company Common Stock pursuant to the DGCL, and no transfer of shares of Company Common Stock shall be made on the stock transfer books of the Surviving Corporation. At the Effective Time, the stock transfer books of the Company shall be closed, and no transfer of shares of Company Common Stock shall thereafter be made. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be cancelled and exchanged as provided for in this Agreement.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Contemporaneously with the execution and delivery of this Agreement by the Company to Parent and Merger Sub, the Company shall deliver to Parent and Merger Sub a confidential disclosure schedule (the "Company Disclosure Schedule"). Nothing in the Company Disclosure Schedule is intended to broaden the scope of any representation, warranty or covenant of the Company contained in this Agreement. Subject to the exceptions and qualifications set forth in the Company Disclosure Schedule, the Company hereby represents and warrants to Parent and Merger Sub that the following representations and warranties are true and correct:

SECTION 4.1 Corporate Status. Each of the Group Companies (i) is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, (ii) has all requisite power and authority to carry on its Business and (iii) is duly qualified to do business and is in good standing in each of the jurisdictions in which the ownership, operation or leasing of its properties and assets and the conduct of its business requires it to be so qualified, licensed or authorized, except where the failure to have such power and authority, to be in good standing or to be duly qualified to conduct business, would not result in a material monetary cost to the Group Companies or a forfeiture of material rights by the Group Companies. The Organizational Documents of the Group Companies, as amended to date, copies of which have been delivered to Parent for review prior to Closing, are true, complete, and correct in all material respects.

SECTION 4.2 Authority; Merger Approval.

(a) Each of the Company and the Equityholders' Representative has all necessary corporate power and authority to enter into this Agreement and the other Transaction Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated by this Agreement and the other Transaction Agreements to which it is a party. The execution, delivery and performance of this Agreement and each of the other Transaction Agreements to which the Company or the Equityholders' Representative is a party by each of the Company and the Equityholders' Representative, as applicable, and the consummation of the transactions contemplated herein and therein have been duly and validly authorized by all necessary corporate action on the part of the Company and the Equityholders' Representative, as applicable, and upon receipt by the Company of the Required Company Stockholder Approval, the Company shall have obtained all necessary authorizations and approvals from its Board of Directors and stockholders required in connection therewith. This Agreement and each of the other Transaction Agreements to which the Company or the Equityholders' Representative is a party have been duly executed and delivered by the Company and the Equityholders' Representative, as applicable, and (assuming due authorization, execution and delivery by the other parties to this Agreement) constitutes a valid and legally binding obligation of the Company and the Equityholders' Representative, as applicable, enforceable against the Company and the Equityholders' Representative, as applicable, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

(b) The Required Company Stockholder Approval is the only vote of the holders of any of the Company's capital stock necessary to approve this Agreement and the Merger.

SECTION 4.3 No Conflict; Government Authorizations.

(a) The execution and delivery of this Agreement and the other Transaction Agreements, the performance by the Company of its obligations hereunder and thereunder, and the consummation by the Company of the transactions contemplated by this Agreement and the other Transaction Agreements, does not and will not, directly or indirectly, (i) conflict with, or result in any violation of the Organizational Documents of the Company; (ii) subject to the matters described in Section 4.3(b), conflict with or result in a violation, termination, suspension, or revocation of any Permit, Governmental Order or Law applicable to any Group Company, or any of their property or assets; or (iii) except as set forth in Section 4.3(a) of the Company Disclosure Schedule, violate, result in a breach of, or constitute a default (with or without due notice or lapse of time, or both) under, or give rise to any penalty or premium or to any rights of modification, termination, cancellation or acceleration of any obligation, or to loss of a benefit under, or result in the creation or imposition of any Encumbrance upon any of the properties, rights or assets of any Group Company pursuant to, any Company Material Contract to which any Group Company is a party or by which any of them is bound or affected; provided, however, that the foregoing does not include any representation or warranty as to any consequences resulting from any fact or circumstance relating solely to Parent or any of its Affiliates; or (iv) violate, result in a breach of or constitute a default (with or without due notice or lapse of time, or both) under, or give rise to any penalty or premium or to any rights of modification, termination, cancellation or acceleration of any obligation, or to loss of a benefit under, any Company Material Contract to which any Equityholder is a party or bound or by which any of their properties or assets may be bound or otherwise subject.

(b) Except as set forth in Section 4.3(b) of the Company Disclosure Schedule, no consent or approval of, or registration, declaration, notice or filing with, any Governmental Authority or Person is required to be obtained or made by, or given to, any Group Company in connection with the execution, delivery and performance of this Agreement and the other Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, other than (i) compliance with and filings as may be required under the HSR Act and any applicable foreign antitrust Laws, (ii) the filing of the certificate of merger or other documents with the Secretary of State of the State of Delaware, and (iii) where the failure to obtain such consent or to make such registration, declaration, notice, or filing would not reasonably be expected to have a Material Adverse Effect.

SECTION 4.4 Capitalization.

(a) The authorized capital stock of the Company consists of (i) 175,000 shares of Company Common Stock, of which **[105,979.2713]** shares are issued and outstanding as of the date hereof, and (ii) 5,000 shares of Company Preferred Stock, none of which are issued and outstanding as of the date hereof. All issued and outstanding shares of Company Common Stock have been duly authorized, validly issued, fully paid, nonassessable and free and clear of any and all Encumbrances and free and clear of any covenant, condition, restriction, voting trust

arrangement or adverse claim of any kind and have been issued in compliance with all applicable securities Laws. There are no (A) outstanding options, warrants, calls, preemption rights, subscriptions, stock appreciation rights, phantom stock rights, carried interests or other rights, convertible securities, agreements, obligations or commitments of any character of any Group Company or any Equityholder to issue, transfer, or sell any shares of capital stock, options, warrants, calls, or other equity interest of any kind whatsoever in any Group Company or securities convertible into or exchangeable for such shares, (B) contractual obligations of any Group Company to repurchase, redeem, or otherwise acquire any capital stock or equity interest of any Group Company, or (C) voting trusts, proxies, shareholder agreements (other than the Stockholders Agreement), or similar understandings or agreements to which any Equityholder or any Group Company is a party with respect to the capital stock of any Group Company, other than (x) Company RSU Awards relating in the aggregate to **[9,269.0218]** shares of Company Common Stock under the Company RSU Plans, (y) Company Options representing in the aggregate the right to purchase **[6,443.2180]** shares of Company Common Stock under the Company Option Plan and (z) Company PSU Awards relating in the aggregate to **[472.4769359]** shares of Company Preferred Stock under the Company PSU Plan.

(b) Section 4.4(b) of the Company Disclosure Schedule lists the authorized and outstanding capital stock of the Company's Subsidiaries. All of the issued and outstanding capital stock of the Company's Subsidiaries are held by the Company and are duly authorized, validly issued, fully paid, nonassessable and free and clear of any and all Encumbrances and free and clear of any covenant, condition, restriction, voting trust arrangement or adverse claim of any kind. The shares of capital stock of the Company's Subsidiaries have been issued in compliance with all applicable securities Laws and none of such shares (i) are subject to preemptive rights or rights of first refusal or (ii) were issued in violation of any preemptive, subscription or other similar rights under any provision of applicable Law, the Organizational Documents of Company or its Subsidiaries or any Company Material Contract.

(c) Except for this Agreement and the Stockholders Agreement, the Company is not a party to, and does not otherwise have any Knowledge of the current existence of, any stockholder agreement, voting trust agreement or any other similar contract, agreement, arrangement, commitment, plan or understanding restricting or otherwise relating to the voting, dividend, ownership or transfer rights of any shares of capital stock of the Company.

(d) Except as set forth on Section 4.4(d) of the Company Disclosure Schedule, no Group Company directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for, at any time, any equity or similar interest in, any Person or joint venture. Section 4.4(d) of the Company Disclosure Schedule sets forth the name, owner, jurisdiction of formation or organization (as applicable) and percentages of outstanding equity securities owned, directly or indirectly, by each Group Company, with respect to each Person of which such Group Company owns, directly or indirectly, any equity or equity-related securities.

(e) No Affiliate of any Group Company, or, to the Knowledge of the Company, any Equityholder, has any oral or written contractual obligation or arrangement to pay any consideration, as a retention bonus, performance bonus or other arrangement, at or after the Closing to any (i) Equityholder other than in proportion to such Equityholder's Applicable

Percentage, or (ii) employee or independent contractor of any Group Company, for the purpose of incentivizing such Equityholder, employee, or independent contractor to continue his or her employment or engagement with any Group Company and/or to achieve or to assist others to achieve certain individual, program, or company-wide financial performance goals.

SECTION 4.5 Financial Statements. A true and complete copy of (i) the audited consolidated financial statements of the Group Companies (including the balance sheet and the related statements of income, stockholders' equity and cash flows) as of and for the years ended December 31, 2008, 2009 and 2010 and (ii) the unaudited consolidated financial statements of the Company as of and for the eleven (11) months ended November 30, 2011, (collectively, the "Company Financial Statements") are set forth in Section 4.5 of the Company Disclosure Schedule. The Company Financial Statements (including in each case, the notes thereto, if any) present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of the dates thereof and for the periods covered thereby, in accordance with GAAP, consistently applied; provided, however, that the unaudited Company Financial Statements do not include all footnotes or normal year-end closing adjustments in accordance with GAAP.

SECTION 4.6 Absence of Certain Changes. Except as contemplated by this Agreement, between the Balance Sheet Date and the date of this Agreement, there has not been, occurred or arisen:

(a) any event or condition of any kind or character that has had, or would reasonably be expected to have, a Material Adverse Effect;

(b) any sale, assignment, transfer, lease, license or other disposition, or agreement to sell, assign, transfer, lease, license or otherwise dispose of, any of the fixed assets of the Company having a value, in any individual case, in excess of $200,000.00;

(c) any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets or otherwise) by the Company of any corporation, partnership or other business organization, or any division thereof, for consideration, in any individual case, in excess of $200,000.00;

(d) any material change in any method of financial accounting or financial accounting practice used by any Group Company, including such changes as are required by GAAP, as applicable;

(e) (i) any employment, deferred compensation, bonus, severance or similar agreement or arrangement entered into or amended by the Company, except any employment agreement providing for compensation of less than $100,000.00 per annum; (ii) any increase in the compensation payable, or to become payable, by the Company to any directors or officers of any Group Company or the presidents of any divisions of any Group Company; or (iii) any increase in the coverage or benefits available under any benefit plan, payment or arrangement made to, for or with such directors, officers, Company Employees, agents or representatives, other than increases, payments or provisions which are in normal amounts and are made in the ordinary course of business consistent with past practice, or which are made pursuant to a contractual obligation or are required by applicable Law; or

(f) any agreement, other than this Agreement, to take any actions specified in this Section 4.6.

SECTION 4.7 Taxes. Except as set forth in Section 4.7 of the Company Disclosure Schedule:

(a) The Group Companies have duly and timely filed with the appropriate Taxing Authorities all federal and state Income Tax Returns and other material Tax Returns required to be filed by the Group Companies (taking into account all applicable extensions). All such Tax Returns are complete and accurate in all material respects. The Group Companies have timely paid all Taxes required to have been paid by them for all taxable periods through the date hereof whether or not shown as due on such Tax Returns. The Group Companies currently are not the beneficiary of any extension of time within which to file any Tax Return. Since January 1, 2007, no written claim and, to the Knowledge of the Company, no oral claim has been received by any Group Company from an authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction.

(b) No material deficiencies for Taxes with respect to any Group Company have been claimed, proposed or assessed in writing by any Taxing Authority or other Governmental Authority, which deficiency has not yet been settled, except for such deficiencies which are being contested in good faith by appropriate proceedings and which are shown as a liability on the Company Financial Statements. No Group Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(c) There are no Encumbrances for Taxes upon any asset of any Group Company (other than Permitted Encumbrances).

(d) The Group Companies have timely withheld, collected, deposited or paid all Taxes required to have been withheld, collected, deposited or paid, as the case may be, in connection with amounts paid or owing to any employee, independent contractor, creditor or stockholder.

(e) No Group Company is a party to, or has any obligation under, any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement (excluding customary Tax indemnification provisions in commercial Contracts not primarily relating to Taxes).

(f) The Company has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period described in Code Section 897(c)(1)(A)(ii).

(g) Since January 1, 2007, no Group Company has at any time been a member of any affiliated group required to join in the filing of consolidated federal income Tax Returns, or otherwise joined in the filing of other Tax Returns on a consolidated, combined or unitary group basis.

(h) No closing agreement pursuant to Section 7121 of the Code (or any predecessor provision) or any similar provision of any state, local or foreign Law has been entered into by or on behalf of any Group Company which would have binding effect on any Group Company for any taxable year ending after the Closing Date.

(i) Since January 1, 2007, no Group Company has made a change in method of accounting or has agreed to or is required to make a change in method of accounting in its Tax Returns that would require it to make any adjustment to its computation of income pursuant to Section 481(a) of the Code (or any predecessor provision), there is no application pending with any Taxing Authority requesting permission for any such change in any accounting method of any Group Company and no Governmental Authority has proposed in writing any such adjustment or change in accounting method.

(j) The unpaid Taxes of the Group Companies did not, as of the date of the most recent balance sheet set forth in the Company Financial Statements, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on such balance sheet. Since the date of such balance sheet, the Group Companies have not incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the ordinary course of business.

(k) No Group Company has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 of the Code.

(l) No Group Company is or has been a party to any "listed transaction" or, to the Knowledge of the Company, any other "reportable transaction" as defined in Treasury Regulations Section 1.6011-4(b).

(m) No Group Company will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any installment sale or open transaction disposition made on or prior to the Closing Date or prepaid amount received on or prior to the Closing Date.

SECTION 4.8 Legal Proceedings. Except as set forth in Section 4.8 of the Company Disclosure Schedule, as of the date hereof, there are no Actions pending by or against any Group Company or any executive officer or director of any Group Company in his or her capacity as such, and no Group Company or any executive officer or director of any Group Company has received a threat of any such Action.

SECTION 4.9 Compliance with Laws; Permits; Filings.

(a) Except as set forth in Section 4.9 of the Company Disclosure Schedule, to the Knowledge of the Company, since January 1, 2009, each Group Company has been and is in compliance with all applicable Laws and Governmental Orders, including but not limited to

Laws relating to the insurance sold, Taxes, zoning, building codes, antitrust, occupational safety and health, industrial hygiene, environmental protection, Hazardous Material and Environmental Laws, consumer product safety, product liability, hiring, wages, hours, employee benefit plans and programs, collective bargaining and the payment of withholding and Social Security Taxes, except for any non-compliance that did not have or would not reasonably be expected to have a Material Adverse Effect. Except as set forth in Section 4.9 of the Company Disclosure Schedule, to the Knowledge of the Company, since January 1, 2009, neither the Company nor its Subsidiaries has received any notice of any violation of any such Law or Governmental Order in excess of $150,000.00 or that resulted in a material change in the way the business of any Group Company has been conducted.

(b) Except as would not result in a material monetary cost to the Group Companies or a forfeiture of material rights by the Group Companies, each Group Company holds all Permits issued by the appropriate Governmental Authorities that are necessary to the conduct of its respective business as presently conducted and all such Permits are in full force and effect in all material respects. Except as would not result in a material monetary cost to the Group Companies or a forfeiture of material rights by the Group Companies, no Group Company (i) is in violation or default of any such Permit held by it or (ii) has received any written notification from any Governmental Authority that it intends to or is threatening to revoke, suspend, modify or limit any Permit. Except as would not result in a material monetary cost to the Group Companies or a forfeiture of material rights by the Group Companies, the applicability and validity of each such Permit will not be adversely affected by the consummation of the transactions contemplated by this Agreement. The Company has made available to Parent true and complete copies of each Permit, including each insurance producer and similar Permits. No Group Company is in receipt of any written notice of violation or other notification from any Governmental Authority or other third party, alleging that any such Person has committed any act, or failed to act, in any manner or under any circumstances which could result in the revocation, suspension, modification, or limitation by any Governmental Authority of any Permit.

(c) Except as set forth in Section 4.9(c) of the Company Disclosure Schedule and except as would not result in a material monetary cost to the Group Companies or a forfeiture of material rights by the Group Companies, each Group Company has filed all reports, statements, documents, registrations, filings, or submissions required to be filed by such entities or with respect to any Carrier on whose behalf they are required to make such reports, statements, documents, registrations, filings, or submissions with any Governmental Authority. All such reports, registrations, filings, and submissions are in compliance (and complied at the relevant time) in all material respects with Law and no deficiencies have been asserted in writing by any such Governmental Authority with respect to such reports, registrations, filings, or submissions that have not been remedied.

SECTION 4.10 Environmental Matters.

(a) Each Group Company complies, and has complied, in all material respects, with all applicable Environmental Laws, which compliance includes possession of all Permits required under applicable Environmental Laws.

(b) There is not now and, to the Knowledge of the Company, has not been any Hazardous Materials used, generated, treated, stored, transported, disposed of, or released from any Company owned, leased or operated property associated with the business except in full compliance with all applicable Environmental Laws.

(c) No Group Company has received any notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, any release or threatened release of Hazardous Materials or alleged violation of, or non-compliance with, any Environmental Law.

SECTION 4.11 Employee Matters and Benefit Plans.

(a) Section 4.11(a) of the Company Disclosure Schedule lists all Employee Benefit Plans of the Group Companies ("Company Benefit Plans"). Each Company Benefit Plan has been established, maintained and administered at all times in accordance with the terms of all applicable Laws and with the terms of such Company Benefit Plan, except as would not result in a Material Adverse Effect. Except for routine claims for benefits, no litigation, claims or disputes are pending or, to the Knowledge of the Company, threatened that give rise to a Material Adverse Effect on the part of Company Benefit Plan or any Group Company, with respect to any Company Benefit Plan. No Company Benefit Plan is a "multiemployer plan" within the meaning of Section 3(37) of ERISA or is a "multiple employer plan" within the meaning of Section 413(c) of the Code. There are no proceedings, audits or investigations pending before the IRS, the United States Department of Labor or other Governmental Authority with respect to any Company Benefit Plan, nor to the Knowledge of the Company is any such proceeding or investigation threatened.

(b) No Company Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code and none of any Group Company or other member of a controlled group of trades or businesses with any Group Company within the meaning of Section 414(b), (c), (m) or (o) of the Code has any obligation or liability in respect of any "employee benefit plan" (within the meaning of Section 3(3) of ERISA) subject to Title IV of ERISA.

(c) Complete copies of all Company Benefit Plans have been made available to Parent and, to the extent applicable: (i) any related trust agreement; (ii) the most recent determination letter; (iii) all material employee communications (including all summary plan descriptions and summaries of material modifications); (iv) the most recent determination letter received from the IRS for each Company Benefit Plan intended to qualify under Sections 401(a) and 501(a) of the Code; (v) the coverage and nondiscrimination testing for the last three (3) years for each Company Benefit Plan intended to qualify under Sections 401(a) and 501(a) of the Code; and (vi) for the most recent three (3) years, the Form 5500 and attached schedules.

(d) Each Company Benefit Plan intended to qualify under Sections 401(a) and 501(a) of the Code has received a favorable determination letter or opinion letter from the IRS on which it may rely, and no event has occurred that would reasonably be expected to cause such letter to be revoked or any such Company Benefit Plan or its underlying trust to fail to qualify under Section 401(a) or 501(a) of the Code, as applicable.

(e) Except as set forth on Section 4.11(e) of the Company Disclosure Schedule, and the acceleration of vesting of any unvested Company RSU Awards, Company Options or Company PSU Awards, no Company Benefit Plan exists that would result in the payment to any current or former employee, director or consultant of any money or other property or accelerate or provide any other rights or benefits to any current or former employee, director or consultant as a result of the transactions contemplated by this Agreement. Except as set forth on Section 4.11(e) of the Company Disclosure Schedule, and after taking into account the provisions of Section 6.7(c), there is no Contract, plan or arrangement (written or otherwise) covering any current of former employee, director or consultant that, individually or collectively, would reasonably be expected to give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code. Except as set forth in Section 4.11(e) of the Company Disclosure Schedule, none of any Group Company has any indemnity or gross-up obligation for any taxes or interest imposed under Section 4999 or Section 280G of the Code.

(f) With respect to each Company Benefit Plan: (i) to the Knowledge of the Company, no fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Company Benefit Plan under ERISA; (ii) no prohibited transaction, as defined in Section 406 of ERISA or Section 4975 of the Code, has occurred, excluding transactions effected pursuant to a statutory or administration exemption, and (iii) all contributions and premiums have been timely made as required under ERISA, the Code, other applicable law and/or the terms of the respective Company Benefit Plan.

(g) Each Company Benefit Plan that is a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) to the extent applicable, has been maintained in compliance in both form and in operation with Code Section 409A, except where such non-compliance may be corrected under IRS correction programs without any material liability to the Group Companies or any of their employees. No Group Company (i) has been required to report to any government or regulatory authority any corrections made or taxes due as a result of a failure to comply with Section 409A and (ii) has any indemnity or gross-up obligation for any taxes or interest imposed or accelerated under Section 409A.

(h) None of the Company Benefit Plans promises or provides medical or other welfare benefits subsequent to termination of employment to any Person except as required by Section 4980B of the Code and Sections 601 to 608 of ERISA and any similar state laws.

SECTION 4.12 Labor. The Group Companies are in compliance in all material respects with all currently applicable Laws respecting employment, discrimination in employment, terms and conditions of employment, wages, hours and occupational health and employment practices and is not engaged in any unfair labor practice. None of any Group Company is a party to any collective bargaining agreement or any other labor-related agreements with any labor union or labor organization. To the Knowledge of the Company, there are currently no activities or proceedings by any labor organization, union, group or association or representative thereof to organize any employees of any Group Company, and, to the Knowledge of the Company, there have been no such activities or proceedings within the one-year period prior to the date of this Agreement. There are no labor disturbances, labor strikes or work stoppages pending against any Group Company.

SECTION 4.13 Intellectual Property.

(a) Section 4.13(a) of the Company Disclosure Schedule sets forth a true and complete list of all (i) patents and patent applications, (ii) trademark and service mark registrations and applications, and (iii) copyrights registrations and applications, and (iv) computer software (other than commercially available software purchased or licensed for less than a total cost of $50,000.00 in the aggregate), in each case that are owned by any Group Company and necessary to the operation of the Business as currently conducted ("Company Intellectual Property"). With respect to each item of Company Intellectual Property, (x) either the Company or one of its Subsidiaries owns all right, title, and interest in and to, or has a valid and enforceable license to use, the item free of Encumbrances other than Permitted Encumbrances; (y) no Equityholder or any Affiliates (other than the Group Companies) own any Company Intellectual Property; and (z) the Company has not received written notice of any pending or threatened Action, judgment, decision, settlement or ruling by or before any Governmental Authority or arbitrator that challenges the legality, validity, enforceability of the Company's ownership of any Company Intellectual Property.

(b) No Group Company has received written notice during the past two (2) years alleging any Group Company has infringed, misappropriated or otherwise violated the Intellectual Property rights of any other Person. To the Knowledge of the Company, no other Person is infringing, misappropriating or otherwise violating Company Intellectual Property. Immediately after the Closing, the Company Intellectual Property will be owned or licensed by the Group Companies on terms substantially identical to those under which the Group Companies owned or licensed the Company Intellectual Property immediately prior to the Closing.

SECTION 4.14 Contracts.

(a) Section 4.14(a) of the Company Disclosure Schedule sets forth a true and complete list of each of the following Contracts (including any amendments or modifications thereto through the date hereof) to which any Group Company are a party or by which it is bound (each, a "Company Material Contract" and collectively, the "Company Material Contracts"):

(i) any indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other evidence of Debt or agreement providing for Debt, in each case in excess of $100,000.00;

(ii) any Contract for the sale of any of material assets after the date hereof;

(iii) any Contract between any Group Company, on the one hand, and any director, officer or Affiliate of any Group Company, on the other hand;

(iv) any Contract containing a covenant not to compete restricting any Group Company, including, any Contract imposing exclusive dealing obligations or limitations on any Group Company, in any geographic area anywhere in the world or during any period of time;

(v) any Contract which creates a partnership or joint venture or similar arrangement;

(vi) any Contract providing for current or future payments or receipts in excess of $250,000.00 in the current or coming fiscal year; and

(vii) any Contract with a term of more than thirty-six (36) months.

(b) Except as set forth in Section 4.14(b) of the Company Disclosure Schedule, (i) no Group Company and, to the Knowledge of the Company, none of the other parties to any Company Material Contract, is in breach of or default under any Company Material Contract; (ii) no Group Company has received any written notice or claim of any breach or default from the counterparty to any Company Material Contract; and (iii) each Company Material Contract is in full force and effect and is valid, binding and enforceable by the parties thereto in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and no event has occurred which, by notice or lapse of time or both, would constitute a default or event of default. True and complete copies of each written Company Material Contract (and written summaries of oral Company Material Contracts) have been made available to Parent. This Section 4.14(b) does not apply to any Contract that constitutes a lease of Leased Real Property or Subleased Real Property, which is addressed exclusively in Section 4.16.

(c) No Group Company has guaranteed the performance of any Person (other than the performance of the Company or any of the Subsidiaries) under any Contract including, without limitation, any premium financing obligation on behalf of any Client.

SECTION 4.15 Bankruptcy. Since January 1, 2009, none of the Institutional Equityholders, the Management Equityholders, the Company, or any of its Subsidiaries, has filed any voluntary petition in bankruptcy, consented to the filing of a bankruptcy proceeding against it, or been adjudicated bankrupt or insolvent, filed or consent to any the filing of any petition or answer seeking any reorganization, liquidation, dissolution or similar relief under any bankruptcy, insolvency, or other debtor relief law.

SECTION 4.16 Real Property. None of any Group Company owns any real property. Section 4.16 of the Company Disclosure Schedule sets forth a true and complete list of all of the real property that is leased by any Group Company (the "Leased Real Property") or that is subject to a sublease by any Group Company to any third party ("Subleased Real Property"). Each of any Group Company has a valid leasehold interest in each Leased Real Property as provided in the applicable lease, free and clear of any Encumbrances other than Permitted Encumbrances. None of any Group Company or, to the Knowledge of the Company, the applicable landlord (i) is in material default under the lease for any Leased Real Property or (ii) has been informed in writing that the lessor under any of such leases has taken action or threatened to terminate the lease before the expiration of the lease. None of any Group Company

or, to the Knowledge of the Company, the applicable subtenant (i) is in material default under the sublease for any Subleased Real Property, (ii) has been informed in writing that the subtenant under any of such leases has taken action or threatened to terminate the sublease before the expiration of the sublease, or (iii) has given written notice or taken action or threatened to terminate the sublease before the expiration of the sublease. Each lease or sublease to which any Group Company is a party is in full force and effect and is valid, binding and enforceable by the parties thereto in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

SECTION 4.17 Assets.

(a) The Group Companies own and hold, free and clear of any Encumbrances (except for Permitted Encumbrances), sole and exclusive right, title and interest in and to their respective properties assets, and personal property, including but not limited to those reflected on the Company Financial Statements.

(b) Except as set forth in Section 4.17(b) of the Company Disclosure Schedule, no capital expenditures are contemplated by any Group Company.

(c) During the twelve (12) months prior to the date of this Agreement, none of the Group Companies or their employees has placed or provided any securities products or services for any Client Account.

(d) No Group Company is a party to, or bound by, any agreement, instrument or understanding (other than Permitted Encumbrances) restricting the transfer of the Company's assets. There are no existing agreements, options, commitments, rights or privileges, whether preemptive or contractual, of any Person to acquire any of the Company's assets, properties, or rights or any interest therein.

(e) Except as set forth in Section 4.17(e) of the Company Disclosure Schedule, no insurance is currently placed by any Group Company for any Client Account with any Carrier that is not (i) rated by A.M. Best Company or is rated less than "A-" by A.M. Best Company or (ii) admitted, authorized, licensed, or otherwise eligible to write insurance coverage on a surplus lines basis in the jurisdiction in which the covered risk is located.

(f) Except as set forth in Section 4.17(f) of the Company Disclosure Schedule, no Group Company has entered into any Contract relating to any acquisitions, mergers, and/or purchases or sales of material assets (including purchases or sales of Client Accounts) within the past three (3) years.

(g) Section 4.17(g) of the Company Disclosure Schedule sets forth a true and complete list of the Company's Tangible Personal Property as of the date hereof.

SECTION 4.18 Related Party Transactions. To the Knowledge of the Company, except as set forth in Section 4.18 of the Company Disclosure Schedule:

(a) neither the Equityholders nor any Affiliate of the Equityholders has, directly or indirectly, any obligation to or cause of action or claim against any Group Company;

(b) no Group Company has any loan or advance in excess of $10,000.00 to any Equityholder, officer, director, or employee thereof;

(c) no officer or director of any Group Company, or any Affiliate thereof, or any such Person has, directly or indirectly:

(i) an equity interest of five percent (5%) or more in any Person that purchases from or sells or furnishes to any Group Company any goods or otherwise does business with any Group Company, or

(ii) a beneficial interest in any Company Material Contract under which any Group Company is obligated or bound or to which the property of any Group Company may be subject, other than employment Contracts; or

(iii) none the Company, any of its Subsidiaries, or any of their directors, officers, or employees is a party to any transaction with any Group Company, except for services as employees, officers, or directors.

SECTION 4.19 Bank Accounts. Section 4.19 of the Company Disclosure Schedule lists all bank accounts of each Group Company.

SECTION 4.20 Insurance. Section 4.20 of the Company Disclosure Schedule contains a true and complete list of all policies of fire, casualty, liability, workers compensation, product liability, and other forms of insurance owned or held by any Group Company, including the name of the issuing Carrier, policy limits, deductibles or self-insured retention amounts, and policy expiration dates ("Insurance Policies"). Except as set forth in Section 4.20 of the Company Disclosure Schedule, except for any Insurance Policies that will be the subject of Required Tail Coverages, all Insurance Policies will remain in full force and effect after the Closing. To the Knowledge of the Company, all Insurance Policies are valid, outstanding, and enforceable policies and provide insurance coverage for the Group Companies' assets and operations of their businesses, of the kinds, and in the amounts and against the risks required to comply with Law and/or any contractual obligations. The activities and operations of the Group Companies have been conducted in a manner so as to conform in all material respects to all applicable provisions of the Insurance Policies. Since January 1, 2009, except as set forth in Section 4.20 of the Company Disclosure Schedule, no Group Company has received any notice of cancellation or nonrenewal with respect to, or disallowance of any claim under, or material increase in premium for, any Insurance Policies. No Group Company has incurred any employee theft or employee dishonesty losses or made any claims for employee theft or dishonesty in the past three (3) years.

SECTION 4.21 Carriers and Client Accounts.

(a) Section 4.21(a) of the Company Disclosure Schedule sets forth a list of the top ten (10) Carriers and a list of the top ten (10) Producers (each by revenue) of each of the Subsidiaries, in each case for the fiscal year ended December 31, 2010, and for the eleven (11)

month-period ended November 30, 2011. Except as set forth in Section 4.21(a) of the Company Disclosure Schedule, between January 1, 2010, and the date of this Agreement, no Group Company has received any written notice from any such Carrier or any such Producer (either directly or through any insurance intermediary) to the effect that such Carrier or such Producer will, other than in the ordinary course of business, stop, cancel, non-renew, materially decrease the rate of, or adversely change the terms with respect to, sales by or to any of the Subsidiaries (whether as a result of the consummation of the transactions contemplated by this Agreement or otherwise).

(b) Except as set forth in Section 4.21(b) of the Company Disclosure Schedule, no Group Company is engaged in any risk-bearing or risk-sharing activities, in any capacity, including, without limitation, as a party to any Contract whereby the Company or any of the Subsidiaries agrees (i) to return any portion of its Commissions to any Carrier based upon the loss ratios generated by any insurance program that the Company or any of the Subsidiaries administers for such Carrier, (ii) to participate in any underwriting gains or losses, and/or (iii) otherwise to bear any portion of the total insurance risk placed through any insurance program administered by the Company or any of the Subsidiaries for any Carrier.

SECTION 4.22 Finder's Fee. Except as set forth in Section 4.22 of the Company Disclosure Schedule, the Company has not incurred any liability or obligation to any party for any brokerage, investment bankers' or finders' fees or commissions in connection with the transactions contemplated by this Agreement, and any such fees or commissions shall be treated as Unpaid Company Transaction Expenses hereunder.

SECTION 4.23 No Other Representations or Warranties. Except for the specific representations and warranties expressly set forth in this Article IV (as modified by the Company Disclosure Schedule), neither the Company nor any of its Affiliates, representatives or agents makes any other representation or warranty, express or implied, with respect to the Company, its Subsidiaries, any of their respective businesses, financial projections, assets, liabilities or operations, or the transactions contemplated by this Agreement, and the Company disclaims any other representations or warranties, whether made by the Company, its Subsidiaries or any of their respective Affiliates, officers, directors, employees, agents or representatives. Except for the specific representations and warranties contained in this Article IV (as modified by the Company Disclosure Schedule), the Company hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to Parent, Merger Sub or their respective Affiliates or representatives (including any opinion, information, projection, or advice that may have been or may be provided to Parent or Merger Sub by any director, officer, employee, agent, consultant, or representative of the Company, its Subsidiaries or any of their respective Affiliates). The Company makes no representations or warranties to Parent or Merger Sub regarding (i) merchantability or fitness for any particular purpose, (ii) the operation of the business by Parent after the Closing, or (iii) the probable success or profitability of any Group Company.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby jointly and severally represent and warrant to the Company that the following representations and warranties are true and correct:

SECTION 5.1 Corporate Status. Each of Parent and Merger Sub (i) is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, (ii) has all requisite power and authority to carry on its business as it is now being conducted, and (iii) is duly qualified to do business and is in good standing in each of the jurisdictions in which the ownership, operation or leasing of its properties and assets and the conduct of its business requires it to be so qualified, licensed or authorized. The Organizational Documents of Parent and Merger Sub, as amended to date, copies of which have been delivered to the Company prior to Closing, are true, complete, and correct in all material respects.

SECTION 5.2 Authority. Each of Parent and Merger Sub has all necessary corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement and the other Transaction Agreements to which it is a party. The execution, delivery and performance of this Agreement and the other Transaction Agreements to which Parent or Merger Sub is a party by Parent and Merger Sub, as applicable, and the consummation of the transactions contemplated herein and therein have been duly and validly authorized by all necessary corporate action on the part of Parent and Merger Sub, as applicable, and each of Parent and Merger Sub shall have obtained all necessary authorizations and approvals from its Board of Directors and stockholders required in connection therewith. This Agreement and each of the other Transaction Agreements to which Parent or Merger Sub is a party have been duly executed and delivered by each of Parent and Merger Sub, as applicable, and (assuming due authorization, execution and delivery by the other parties to this Agreement) constitutes a valid and legally binding obligation of each of Parent and Merger Sub, as applicable, enforceable against each of Parent and Merger Sub, as applicable, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

SECTION 5.3 No Conflict; Government Authorization.

(a) The execution and delivery of this Agreement and the other Transaction Agreements to which Parent or Merger Sub is a party, the performance by each of Parent and Merger Sub of its obligations hereunder and thereunder, and the consummation by each of Parent and Merger Sub of the transactions contemplated by this Agreement and the other Transaction Agreements to which it is a party, does not and will not, directly or indirectly, (i) conflict with, or result in any violation of the Organizational Documents of Parent or Merger Sub; (ii) subject to the matters described in Section 5.3(b), conflict with or result in a violation, termination, suspension, or revocation of any Permit, Governmental Order or Law applicable to Parent or Merger Sub, or any of their property or assets; or (iii) violate, result in a breach of, or constitute a default (with or without due notice or lapse of time, or both) under, or give rise to any penalty or premium or to any rights of modification, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation or imposition of any Encumbrance upon any of the properties, rights or assets of Parent or Merger Sub pursuant to, any material Contract to which Parent or Merger Sub is a party or by which it is bound or affected.

(b) No consent or approval of, or registration, declaration, notice or filing with, any Governmental Authority is required to be obtained or made by, or given to, Parent or Merger Sub in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents or the consummation of the transactions contemplated hereby or thereby, other than (i) compliance with and filings as may be required under the HSR Act and any applicable foreign antitrust Laws, (ii) the filing of the certificate of merger or other documents with the Secretary of State of the State of Delaware, and (iii) where the failure to obtain such consent or to make such registration, declaration, notice, or filing would not reasonably be expected to have a material adverse effect on Parent or materially impair the ability of Parent or Merger Sub to consummate the transactions contemplated by this Agreement or the other Transaction Agreements.

SECTION 5.4 Legal Proceedings. As of the date hereof, there are no Actions pending by or against or, to the knowledge of each of Parent and Merger Sub, threatened against, Parent, Merger Sub or any other Subsidiaries of Parent ("Parent Subsidiaries"), or any executive officer or director of Parent or Merger Sub in his or her capacity as such that would be reasonably likely to have a material adverse effect on Parent or materially impair the ability of Parent or Merger Sub to consummate the transactions contemplated by this Agreement.

SECTION 5.5 Solvency. As of the Closing, and after giving effect to all of the transactions contemplated by this Agreement, the Surviving Corporation will be Solvent. For purposes of this Section 5.5, "Solvent" means that, with respect to any Person and as of any date of determination, (i) the amount of the "present fair saleable value" of the assets of such Person, will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise," as of such date, as such quoted terms are generally determined in accordance with applicable federal laws governing determinations of the insolvency of debtors, (ii) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its indebtedness as its indebtedness becomes absolute and matured, (iii) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business and (iv) such Person will be able to pay its indebtedness as it matures. For purposes of the foregoing definition only, "indebtedness" means a liability in connection with another Person's (y) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (z) right to any equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

SECTION 5.6 Financing. Each of Parent and Merger Sub affirms that it is not a condition to the Closing or to any of its other obligations under this Agreement that Parent and/or Merger Sub obtain financing for or related to any of the transactions contemplated hereby. Parent has, and Parent will have at the Effective Time, the funds necessary to make the payments required under Article II, to pay all fees and expenses to be paid by Parent and Merger Sub in

connection with the transactions contemplated by this Agreement, fund the working capital requirements of the Surviving Corporation after the Closing and to satisfy all other payment obligations that may arise in connection with, or may be required in order to consummate, the transactions contemplated by this Agreement.

SECTION 5.7 Due Diligence Investigation. Parent has had an opportunity to discuss the business, management, operations and finances of the Group Companies with their respective officers, directors, employees, agents, representatives and Affiliates, and has had an opportunity to inspect the facilities of the Group Companies. Parent and Merger Sub have conducted to their satisfaction, their own independent investigation of the conditions, operations and business of the Group Companies and, in making their determination to proceed with the transactions contemplated by this Agreement, Parent and Merger Sub have relied on the results of their own independent investigation. In making its decision to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement, Parent has relied solely upon the representations and warranties of the Company set forth in Article IV (and acknowledges that such representations and warranties are the only representations and warranties made by the Group Companies) and has not relied upon any other information provided by, for or on behalf of the Group Companies, or their respective agents or representatives, to Parent in connection with the transactions contemplated by this Agreement. Parent has entered into the transactions contemplated by this Agreement with the understanding, acknowledgement and agreement that no representations or warranties, express or implied, are made with respect to future prospects (financial or otherwise) of the Group Companies. Parent acknowledges that no current or former stockholder, director, officer, employee, Affiliate or advisor of the Group Companies has made or is making any representations, warranties or commitments whatsoever regarding the subject matter of this Agreement, express or implied.

SECTION 5.8 Finder’s Fee. Parent and Merger Sub have not incurred any liability or obligation to any party for any brokerage, investment bankers’ or finders’ fees or commissions in connection with the transactions contemplated by this Agreement.

SECTION 5.9 Investment Representations. Parent is not acquiring the Company with a view to or for sale in connection with any distribution of the Company Common Stock within the meaning of the Securities Act. Parent (a) is an “accredited investor” (as defined in Regulation D under the Securities Act); (b) is able to bear the economic risk of its investment in the Company; (c) acknowledges that the Company Common Stock has not been registered under the Securities Act and therefore is subject to certain restrictions on transfer unless registered for resale or subject to an exempt transaction under the Securities Act and any applicable state securities Law and, the Company is under no obligation to file a registration statement with the Commission with respect to the Company Common Stock and (d) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Company.

SECTION 5.10 No Prior Activities. Merger Sub has not incurred nor will it incur any liabilities or obligations, except those incurred in connection with its organization and with the negotiation of this Agreement and the performance of its obligations hereunder and the consummation of the transactions contemplated by this Agreement, including the Merger. Except as contemplated by this Agreement, Merger Sub had not engaged in any business

activities of any type or kind whatsoever, or entered into any agreements or arrangements with any Person, or become subject to or bound by any obligation or undertaking. As of the date of this Agreement, all of the issued and outstanding capital stock of Merger Sub is owned beneficially and of record by Parent, free and clear of all Encumbrances (other than those created by this Agreement and the transactions contemplated by this Agreement).

SECTION 5.11 No Other Representations or Warranties. Except for the specific representations and warranties expressly set forth in this Article V, neither Parent, Merger Sub, nor any of their Affiliates, representatives or agents makes any other representation or warranty, express or implied, with respect to Parent, Merger Sub, the Surviving Corporation, any of their respective businesses, financial projections, assets, liabilities or operations, or the transactions contemplated by this Agreement, and Parent and Merger Sub disclaim any other representations or warranties, whether made by Parent, Merger Sub, or any of their respective Affiliates, officers, directors, employees, agents or representatives. Except for the specific representations and warranties contained in this Article V, Parent and Merger Sub hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to the Company, the Subsidiaries, or their respective Affiliates or representatives (including any opinion, information, projection, or advice that may have been or may be provided to the Company, the Subsidiaries, or their respective Affiliates or representatives by any director, officer, employee, agent, consultant, or representative of the Parent, Merger Sub, or any of their respective Affiliates).

ARTICLE VI.
ADDITIONAL AGREEMENTS

SECTION 6.1 Conduct Prior to the Effective Time.

(a) Unless Parent otherwise consents in writing (which consent shall not be unreasonably withheld, conditioned or delayed) and except as otherwise contemplated by this Agreement or set forth in the Company Disclosure Schedule, during the period commencing with the execution and delivery of this Agreement and terminating upon the earlier to occur of the Effective Time and the termination of this Agreement pursuant to and in accordance with Section 8.1 (the "Pre-Closing Period"), the Company shall, and shall cause its Subsidiaries to, conduct the Business in the ordinary course. During the Pre-Closing Period, no party to this Agreement (including the Equityholders' Representative) shall take, or cause to be taken, any action which would materially interfere with the consummation of the transactions contemplated by this Agreement or materially delay the consummation of such transactions.

(b) Without limiting the foregoing, except as otherwise contemplated by this Agreement or set forth in Section 6.1 of the Company Disclosure Schedule, during the Pre-Closing Period, the Company shall not, and shall cause its Subsidiaries to not, do or cause to be done any of the following without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) issue any Company Common Stock or capital stock of the Company's Subsidiaries, except upon the exercise of Company RSU Awards, Company Options or Company PSU Awards;

(ii) create any Encumbrance on any assets or properties (whether tangible or intangible) of any Group Company, other than (y) Permitted Encumbrances; and (z) Encumbrances that will be satisfied upon the payment of the applicable portion of the Closing Debt;

(iii) sell, assign, transfer, lease, license or otherwise dispose of, or agree to sell, assign, transfer, lease, license or otherwise dispose of, any of the fixed assets of any Group Company having a value, in any individual case, in excess of $100,000.00;

(iv) acquire (by merger, consolidation or combination, or acquisition of stock or assets or otherwise) any corporation, partnership or other business organization or division thereof;

(v) (A) enter into or amend any employment, deferred compensation, severance or similar agreement, except any employment agreement providing for compensation of less than $100,000.00 per annum; (B) increase the compensation payable, or to become payable, by any Group Company to directors or officers of any Group Company; or (C) increase the coverage or benefits available under any Employee Benefit Plan, payment or arrangement made to, for or with any director, officer, Company Employee, agent or representative, other than increases, payments or provisions which are in normal amounts and are made in the ordinary course of business consistent with past practice, or which are made pursuant to a contractual obligation or are required by applicable Law;

(vi) materially change any method of financial accounting or financial accounting practice used by any Group Company, other than such changes required by GAAP, as applicable;

(vii) amend the Organizational Documents of any Group Company;

(viii) establish, adopt, enter into, amend a plan or agreement of complete or partial liquidation, dissolution, restructuring, merger, consolidation, recapitalization or other reorganization;

(ix) enter into any agreement to take, or cause to be taken, any of the actions set forth in this Section 6.1(b); or

(x) make or change any Tax election, change any annual Tax accounting period, change any method of Tax accounting, enter into any closing agreement with respect to any Tax, settle any Tax claim or any assessment or surrender any right to claim a Tax refund.

(c) Without in any way limiting any Party's rights or obligations under this Agreement, the parties understand and agree that (i) during the Pre-Closing Period, nothing contained in this Agreement shall give Parent, directly or indirectly, the right to control or direct the operation of the Company and (ii) during the Pre-Closing Period, the Company and the Equityholders shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over their respective businesses and operations.

SECTION 6.2 Access to Information.

(a) Subject to the terms of the Confidentiality Agreement and other confidentiality obligations and similar restrictions that may be applicable to information furnished to any Group Company by third parties that may be in the Company's or any of its Subsidiaries' possession from time to time, during the Pre-Closing Period, upon reasonable notice and during normal business hours, the Group Companies shall, and shall cause the directors, officers, employees, agents and representatives of each Group Company to, (i) afford the directors, officers, employees and authorized agents and representatives of Parent reasonable access to the offices, properties, books and records of the Group Companies, and (ii) furnish to the directors, officers, employees and authorized agents and representatives of Parent such additional financial and operating data and other information regarding the assets, properties and business of any Group Company as Parent may from time to time reasonably request in order to assist Parent in fulfilling its obligations under this Agreement and to facilitate the consummation of the transactions contemplated by this Agreement; provided, however, (A) any such access shall be conducted in such a manner as not to interfere unreasonably with the operation of the business conducted by any Group Company; (B) any intrusive environmental tests or assessments sought to be performed on any Leased Real Property (including any tests that involve drilling, excavation or the collection of samples of soils, groundwater, surface water, drinking water, building materials or other environmental media) shall require the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned, or delayed); (C) Parent or any of its representatives shall not contact or have any discussions with any of the landlords/sub-landlords, tenants/subtenants, customers or suppliers of any Group Company without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned, or delayed); (D) Parent shall be responsible for any damage to any Leased Real Property or any other assets or property of any Group Company caused by Parent or any of its representatives; (E) except as required by applicable Law, the Company shall not be required to (or cause any of the Company's Subsidiaries to) disclose any information related to the sale of the Company or any activities in connection therewith, including the solicitation of proposals from third parties in connection with the sale of the Company or its representatives' evaluation thereof, including projections, financial or other information related thereto; and (F) the Company shall not be required to (or cause any of the Company's Subsidiaries to) so confer, afford such access or furnish such copies or other information (1) to the extent that doing so would result in the breach of any confidentiality or similar agreement to which any Group Company is a party, (2) that is competitively sensitive, or (3) the disclosure of which would reasonably be expected to result in the loss of attorney-client privilege, provided that the Company shall use its reasonable efforts to allow for such access or disclosure in a manner that does not result in a breach of such agreement or a loss of attorney-client privilege.

(b) For a period of seven (7) years following the Closing, Parent shall, and shall cause the Surviving Corporation and its Subsidiaries, to preserve and keep, or cause to be preserved and kept, all original books and records in respect of any Group Company in the possession of Parent, the Surviving Corporation, its Subsidiaries, or their respective Affiliates. The Equityholders' Representative, upon reasonable notice and for any reasonable business purpose and at the Equityholders' Representative's own cost and expense, shall have access during normal business hours to examine, inspect and copy such books and records. At the sole cost and expense of the Equityholders' Representative, Parent, the Surviving Corporation and its

Subsidiaries shall provide the Equityholders' Representative with, or cause to be provided to the Equityholders' Representative, such original books and records as the Equityholders' Representative shall reasonably request in connection with any Action to which the Equityholders' Representative or any Equityholder is a party or in connection with the requirements of any Law applicable to the Equityholders' Representative or any Equityholder. After the seven (7) year anniversary of the Closing, to the extent that any such books or records relate to Taxes, the obligations of the Equityholders' Representative under Section 6.9 or any then-pending indemnification claims under Article IX, before Parent, the Surviving Corporation, its Subsidiaries or any of their respective Affiliates shall dispose of any of such books and records, Parent or the Surviving Corporation shall give at least thirty (30) calendar days' prior written notice of such intention to dispose to the Equityholders' Representative, and the Equityholders' Representative shall be given an opportunity to remove and retain all or any part of such books and records as the Equityholders' Representative may elect. The Equityholders' Representative shall treat confidentially any nonpublic information about the Surviving Corporation that it obtains under this Section 6.2(b).

SECTION 6.3 Confidentiality.

(a) The parties hereby agree to be bound by and comply with the terms of the Confidentiality Agreement, which are hereby incorporated into this Agreement by reference and shall continue in full force and effect until the Effective Time, such that the information obtained by such parties, or their respective officers, employees, agents or representatives, during any investigation conducted pursuant to Section 6.2, or in connection with the negotiation and execution of this Agreement or the consummation of the transactions contemplated by this Agreement, or otherwise, shall be governed by the terms of the Confidentiality Agreement.

(b) Except as required by applicable Law, legal or administrative process, or stock exchange listing requirements, and only after compliance with Section 6.3(c) below, each of the parties shall maintain the terms of this Agreement, including the consideration payable by Parent hereunder, in strict confidence and shall not disclose such terms to any third party (except such Party's limited partners, attorneys, accountants and other professional advisors, any applicable Governmental Authority (such as the federal IRS and the applicable state department of revenue), the Accounting Firm and otherwise in connection with the enforcement of the parties' rights against any other party) without the prior written consent of all parties to this Agreement.

(c) If any Party (Parent and Merger Sub, on the one hand, and the Company and the Equityholders' Representative, on the other hand, each being considered one Party for purposes of this Section 6.3(c)) or any of its representatives is requested pursuant to, or required by, applicable Law, legal or administrative process, or stock exchange listing requirements, to disclose the terms of this Agreement, such party will notify the other party promptly in writing of such request or requirement and the reason for such request or requirement, so that the other party may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of Section 6.3(b). If no such protective order or other remedy is obtained, or that the other party does not waive compliance with Section 6.3(b), such party will furnish only that portion of this Agreement that it is reasonably advised by its counsel is legally required and will exercise commercially reasonable efforts, at the expense of the other party, to

obtain reliable assurance that confidential treatment will be accorded the disclosed portions of this Agreement to the extent possible. Notwithstanding the foregoing, the parties acknowledge and agree that Parent may be required under applicable Law to file a copy of this Agreement in its filings with the Securities and Exchange Commission.

SECTION 6.4 Efforts; Consents; Regulatory and Other Authorizations.

(a) Each party to this Agreement shall use its commercially reasonable efforts to (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to promptly consummate and make effective the transactions contemplated by this Agreement and (ii) obtain all authorizations, consents, orders and approvals of, and give all notices to and make all filings with, all Governmental Authorities and other third parties that may be or become necessary for the performance of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement (provided that no party shall be required to pay or commit to pay any amount to (or incur an obligation in favor of) any Person from whom such authorization, consent, order or approval may be required other than required filing fees). Each party to this Agreement shall cooperate with the other parties to this Agreement in promptly seeking to obtain all such authorizations, consents, orders and approvals, giving such notices and making such filings.

(b) In furtherance and not in limitation of the terms of Section 6.4(a), to the extent required by applicable Law, each of Parent and the Company shall file, or cause to be filed, a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement within three (3) Business Days after the date of this Agreement (including, in the case of Parent, a request for early termination of the applicable waiting period under the HSR Act), shall supply promptly any additional information and documentary material that may be requested by any Governmental Authority (including the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission) pursuant to the HSR Act, and shall cooperate in connection with any filing under applicable antitrust Laws and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by any Governmental Authority, including the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice or the office of any state attorney general. Each party shall promptly (i) supply the other with any information which may be required in order to effectuate such filings and (ii) supply any additional information which reasonably may be required by a Governmental Authority of any jurisdiction and which the parties may reasonably deem appropriate. No party shall independently participate in any meeting, or engage in any substantive conversation, with any Governmental Authority in respect to any such filings, investigation or other inquiry without giving the other party prior notice of the meeting or conversation and, unless prohibited by such Governmental Authority, the opportunity to attend or participate. The parties will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party in connection with proceedings under or relating to the HSR Act or other antitrust laws. Each party shall (A) give the other party prompt notice of the commencement or threat of commencement of any Action by or before any Governmental Authority with respect to the transactions contemplated by this Agreement, (B) keep the other party informed as to the status of any such Action or threat, and (C) promptly inform the other party of any communication to or from any Governmental Authority regarding the transactions contemplated by this Agreement.

SECTION 6.5 Further Action. Subject to the terms and conditions provided in this Agreement, each of the parties to this Agreement shall use its commercially reasonable efforts to deliver, or cause to be delivered, such further certificates, instruments and other documents, and to take, or cause to be taken, such further actions, as may be necessary, proper or advisable under applicable Law to consummate and make effective the transactions contemplated by this Agreement.

SECTION 6.6 Indemnification; Directors' and Officers' Insurance.

(a) For a period of six (6) years following the Effective Time, Parent shall, and shall cause the Surviving Corporation to, (i) indemnify and hold harmless each present and former director and officer of the Group Companies (collectively, the "Company Indemnified Parties"), against any and all Damages incurred or suffered by any of the Company Indemnified Parties in connection with any Liabilities or any Action, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent that any Group Company would have been permitted under applicable Law and under the Organizational Documents of any Group Company, in each case as in effect on the date of this Agreement, to indemnify such Company Indemnified Parties and (ii) advance expenses as incurred by any Company Indemnified Party in connection with any matters for which such Company Indemnified Party is entitled to indemnification from Parent pursuant to this Section 6.6(a) to the fullest extent permitted under applicable Law or, if greater, under the Organizational Documents of any Group Company; provided, however, that the Company Indemnified Party to whom expenses are advanced provides a written agreement to repay such advances if it is ultimately and finally determined by a court of competent jurisdiction and all rights of appeal have lapsed that such Company Indemnified Party is not entitled to indemnification under applicable Law, the Organizational Documents of any Group Company, and pursuant to this Section 6.6(a).

(b) From and after the Effective Time, the Organizational Documents of the Surviving Corporation and its Subsidiaries shall contain provisions no less favorable in all material respects with respect to indemnification, advancement of expenses and exculpation of the Company Indemnified Parties then are currently set forth in the Organizational Documents of any Group Company. Any indemnification agreements with the Company Indemnified Parties in existence on the date of this Agreement shall be assumed by the Surviving Corporation in the Merger, without any further action, and shall survive the Merger and continue in full force and effect in accordance with their terms.

(c) For a period of six (6) years following the Effective Time, Parent shall maintain, or shall cause the Surviving Corporation for itself to maintain, in effect a directors' and officers' liability insurance policy covering those persons who are currently covered by the directors' and officers' liability insurance policies of the Group Companies (copies of which have been heretofore delivered by the Company to Parent and its agents and representatives) with coverage in amount and scope at least as favorable as the Company's existing coverage;

provided, that this Section 6.6(c) shall be deemed to have been satisfied if a prepaid policy or policies (i.e., "tail coverage") have been obtained by the Company at the Company's expense (to be treated as an Unpaid Company Transaction Expense hereunder), which policy or policies provide such directors and officers with the coverage described in this Section 6.6(c) for an aggregate period of not less than six (6) years with respect to claims arising from facts or events that occurred on or before the Closing Date, including with respect to the transactions contemplated by this Agreement. The premiums for such prepaid policies shall be paid in full at or prior to the Effective Time and such prepaid policies shall be non-cancelable. If such prepaid policies have been obtained prior to the Effective Time, Parent shall, and shall cause the Surviving Corporation to, maintain such policies in full force and effect, and continue to honor the obligations thereunder.

(d) In the event Parent or the Surviving Corporation (or any of its successors or assigns) (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that such continuing or surviving corporation or entity or transferee of such assets, as the case may be, shall assume all of the obligations set forth in this Section 6.6.

(e) The terms and provisions of this Section 6.6 are intended to be in addition to the rights otherwise available to the Company Indemnified Parties by applicable Law, Organizational Documents or Contract, and shall operate for the benefit of, and shall be enforceable by, the Company Indemnified Parties and their respective heirs and representatives, each of whom is an intended third party beneficiary of this Section 6.6. The obligations under this Section 6.6 shall not be terminated or modified in such a manner as to affect adversely any Company Indemnified Party without the consent of such affected Company Indemnified Party.

SECTION 6.7 Employee Benefit Matters.

(a) For purposes of determining eligibility to participate, vesting and entitlement to benefits where length of service is relevant under any benefit plan or arrangement of Parent, the Surviving Corporation or any of their respective Subsidiaries, Company Employees as of the Effective Time shall receive service credit for service with the Group Companies to the same extent such service credit was granted under the Company Benefit Plans, subject to offsets for previously accrued benefits and no duplication of benefits. Parent and the Surviving Corporation shall use commercially reasonable efforts to (i) to the extent permissible under the terms and conditions of Parent's welfare benefit plans (provided Parent shall not be required to amend or modify any such welfare benefit plans) cause to be waived all limitations as to preexisting conditions exclusions and waiting periods with respect to participation and coverage requirements applicable to the Company Employees under any welfare benefit plans that such employees may be eligible to participate in after the Effective Time, other than limitations or waiting periods that are already in effect with respect to such employees and that have not been satisfied as of the Effective Time under any welfare benefit plan maintained for the Company Employees immediately prior to the Effective Time and (ii) to the extent permissible under the terms and conditions of Parent's welfare benefit plans (provided Parent shall not be required to amend or modify any such welfare benefit plans) cause each Company Employee to be provided with credit for any co-payments and deductibles paid prior to the Effective Time in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans (other than a Company Benefit Plan) that such employees are eligible to participate in after the Effective Time.

(b) Except as prohibited by applicable Law, Parent shall have the right to terminate employees and modify or terminate employee working conditions, including employee benefits, following the Closing.

(c) Section 280G.

(i) The Company shall use commercially reasonable efforts to obtain and deliver to Parent, prior to the solicitation of the requisite stockholder approval described in Section 6.7(c)(ii) a Section 280G Waiver from each Person who is a "disqualified individual" (within the meaning of Section 280G of the Code and the regulations promulgated thereunder ("Section 280G")), as determined immediately prior to the initiation of the solicitation of the requisite stockholder approval as described in Section 6.7(c)(ii), related to certain payments or benefits to be received by such Person in connection with the transactions contemplated by this Agreement to the extent that such payments or benefits, unless the requisite stockholder approval of such parachute payments is obtained pursuant to Section 6.7(c)(ii), would not be deductible by the Companies under Section 280G.

(ii) As soon as practicable following the delivery by the Company to Parent of the Section 280G Waiver, the Company shall submit to its stockholders for approval in accordance with Section 280G(b)(5)(B) of the Code any payments and/or benefits that are subject to a Section 280G Waiver, such that such payments and benefits shall not be deemed to be "parachute payments" under Section 280G, and prior to the Effective Time Parent shall deliver to Parent any written consents related to the shareholder approval of any payments and/or benefits that are subject to a Section 280G Waiver.

(iii) The form of the Section 280G Waiver and any materials to be submitted to the Company's stockholders in connection with seeking the requisite stockholder approval (the "Section 280G Soliciting Materials") shall be subject to reasonable review and approval by Parent. The Company will promptly advise Parent in writing if, at any time prior to the Effective Time, to the Company's Knowledge, any facts exists that might make it necessary or appropriate to amend or supplement the Section 280G Soliciting Materials in order to make statements contained or incorporated by reference therein not misleading or to comply with applicable Law.

(d) The terms and provisions of this Section 6.7 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this Section 6.7, express or implied, is intended to confer upon any other person (including, for the avoidance of doubt, any Company Employee) any rights or remedies of any nature whatsoever, as a third-party beneficiary of this Agreement or otherwise, under or by reason of this Section 6.7.

SECTION 6.8 Provision Respecting Legal Representation. Each of the parties to this Agreement hereby agrees, on its own behalf and on behalf of its directors, members, partners, officers, employees and Affiliates, that Latham & Watkins LLP may serve as counsel to

each and any holder of Company Common Stock or capital stock of the Company's Subsidiaries, and each of their respective Affiliates (individually and collectively, the "Holder Group"), on the one hand, and the Company, on the other hand, in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and that, following consummation of the transactions contemplated hereby, Latham & Watkins LLP (or any successor) may serve as counsel to the Holder Group or any director, member, partner, officer, employee or Affiliate of the Holder Group, in connection with any litigation, claim or obligation arising out of or relating to this Agreement or the transactions contemplated by this Agreement notwithstanding such representation and each of the parties hereto hereby consents thereto and waives any conflict of interest arising therefrom, and each of such parties shall cause any Affiliate thereof to consent to waive any conflict of interest arising from such representation.

SECTION 6.9 Tax Matters.

(a) Preparation of Tax Returns.

(i) The Equityholders' Representative will prepare or cause to be prepared all Tax Returns for the Group Companies for all Pre-Closing Tax Periods which are filed after the Closing Date. No later than twenty (20) days prior to filing, the Equityholders' Representative will deliver or cause to be delivered to Parent all such Tax Returns and any related work papers and will permit Parent to review and comment on each such Tax Return and will make such revisions to such Tax Returns as are reasonably requested by Parent unless otherwise required by applicable Law. Parent shall timely file or cause to be timely filed each such Tax Return and timely pay or cause to be timely paid the amount of any Taxes shown due thereon to the appropriate Taxing Authorities; provided, however, that the Equityholders' Representative shall reimburse Parent or the applicable Group Company for the amount of such Taxes, to the extent such Taxes were not included as a liability in the calculation of Closing Working Capital, no later than thirty (30) days after the filing of the applicable Tax Return.

(ii) To the extent that any Tax Returns of the Group Companies relate to any Straddle Periods, Parent will prepare or cause to be prepared in a manner consistent with the prior Tax Returns of the Company and its Subsidiaries unless otherwise required by applicable Law and file or cause to be filed any such Tax Returns. Parent will permit the Equityholders' Representative to review and comment on each such Tax Return described in the preceding sentence at least twenty (20) days prior to filing such Tax Returns and will make such revisions to such Tax Returns as are reasonably requested by the Equityholders' Representative unless otherwise required by applicable Law. Parent will timely pay or cause to be timely paid the amount of any Taxes shown as due on such Tax Returns to the appropriate Taxing Authorities; provided, however, that the Equityholders' Representative shall reimburse Parent or the applicable Group Company for the portion of such Taxes which relates to the portion of the Straddle Period ending on the Closing Date, to the extent such Taxes were not included as a liability in the calculation of Closing Working Capital,, no later than thirty (30) days after the filing of the applicable Tax Return. For purposes of this clause (ii) and other relevant provisions of this Agreement (including Article IX), in the case of any Taxes that are imposed on a periodic basis and are payable for a Straddle Period, the portion of such Tax which relates to the portion of such Straddle Period ending on the Closing Date will (A) in the case of any Taxes other than

Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction (1) the numerator of which is the number of days in the portion of such Straddle Period ending on the Closing Date and (2) the denominator of which is the number of days in the entire Straddle Period, and (B) in the case of any Tax based upon or related to income or receipts be deemed equal to the amount which would be payable if the relevant taxable period ended on the Closing Date. Any credits relating to a Straddle Period will be taken into account as though the relevant taxable period ended on the Closing Date. All determinations necessary to give effect to the foregoing allocations will be made in a manner consistent with GAAP and the prior practice of the Group Companies unless otherwise required by applicable Law.

(iii) Subject to Section 6.9(e), Parent shall not amend (or cause to be amended) any Tax Return of any Group Company for any Pre-Closing Tax Period or, to the extent it would affect any Pre-Closing Taxes, any Straddle Period, or make (or cause to be made) any Tax election that has retroactive effect to any Pre-Closing Tax Period or, to the extent it would affect any Pre-Closing Taxes, any Straddle Period, in each case without the prior written consent of the Equityholders' Representative, which consent shall not be unreasonably withheld.

(b) Cooperation. Parent, the Surviving Corporation and the Equityholders' Representative shall reasonably cooperate, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Agreement, any Tax Contest, and complying with the provisions of Section 6.9(e). Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Tax Contest and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) Contest Provisions.

(i) Notwithstanding anything to the contrary in this Agreement, each party hereto will, at its own expense, control any Tax Contest for any taxable period for which that party is charged with payment or indemnification responsibility under this Agreement. In the case of any Tax Contest relating to a Straddle Period (to the extent such Tax Contest relates to or would affect Post-Closing Taxes) or Post-Closing Tax Period, Parent will control such Tax Contest and will consult in good faith with the Equityholders' Representative as to the conduct of such Tax Contest. In no event will the Equityholders' Representative settle any Tax Contest relating to any Pre-Closing Tax Period or, to the extent such settlement would affect Post-Closing Taxes, any Tax Contest relating to any Straddle Period, in a manner which would adversely affect Parent, without the prior written consent of Parent, which consent may not be unreasonably withheld, conditioned or delayed. In no event will Parent, the Surviving Corporation or any of its Subsidiaries settle any Tax Contest relating to any Post-Closing Tax Period or, to the extent such settlement would affect Pre-Closing Taxes, any Tax Contest relating to any Straddle Period, in a manner which would adversely affect any Equityholder, without the prior written consent of the Equityholders' Representative, which consent may not be unreasonably withheld, conditioned or delayed.

(ii) Each party hereto will, at the expense of the requesting party, execute or cause to be executed any IRS Form 2848 power of attorney or other documents reasonably requested by such requesting party to enable it to take any and all actions such party reasonably requests with respect to any Tax Contest that the requesting party controls.

(iii) Each party hereto will promptly forward to the other party all written notifications and other written communications, including if available the original envelope showing any postmark, from any Taxing Authority received by such party relating to any liability for Taxes for any taxable period for which a party is charged with payment or indemnification responsibility under this Agreement and each indemnifying party will promptly notify, and consult with, each indemnified party as to any action it proposes to take with respect to any liability for Taxes for which it is required to indemnify another party, and will not enter into any closing agreement or final settlement with any Taxing Authority with respect to any such liability without the written consent of the indemnified parties, which consent may not be unreasonably withheld. The failure by a party to provide timely notice under this subsection will not relieve the other party from its indemnification obligations under this Agreement with respect to the subject matter of any notification not timely forwarded, except to the extent the other party is actually harmed thereby.

(d) Transfer Taxes. All Transfer Taxes shall be borne by the Company (which Transfer Taxes shall be accrued as a liability on the Closing Balance Sheet) and, to the extent of any excess over such accrual, the Equityholders. Schedule 6.9(d) sets forth the Company's good faith estimate of all applicable Transfer Taxes. The Equityholders' Representative hereby agrees to file in a timely manner, at its own expense, all necessary documents (including, but not limited to, all Tax Returns) with respect to all such amounts for which the Equityholders are so liable.

(e) Transaction Tax Benefits. Notwithstanding anything to the contrary in this Agreement, the parties agree that:

(i) The Transaction Tax Benefit Items shall be reported on applicable Income Tax Returns solely as Income Tax deductions of the Company, the Surviving Corporation or their Subsidiaries, as applicable, for a Pre-Closing Tax Period and shall not be treated or reported as Income Tax deductions for a Post-Closing Tax Period (including under Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) or any comparable or similar provision under state or local Law), unless otherwise required by applicable Law. In connection with the foregoing, unless otherwise requested by the Equityholders' Representative, Parent shall cause the Company or the Surviving Corporation, as applicable, to make an election under Revenue Procedure 2011-29, 2011-18 IRB 746, to treat seventy percent (70%) of any success-based fees that were paid by or on behalf of the Company or the Surviving Corporation, and that were included in the Transaction Tax Benefit Schedule, as an amount that did not facilitate the Merger and therefore as deductible in a Pre-Closing Tax Period for U.S. federal income Tax purposes, unless otherwise required by applicable Law.

(ii) To the extent that any Group Company has paid estimated Income Taxes for any Pre-Closing Tax Period and the amount of the estimated Income Taxes that were paid with respect to such Tax period exceeds the amount of the estimated Income Tax liability

with respect to such Tax period (taking into account the Transaction Tax Benefit Items), the Equityholders' Representative shall prepare or cause to be prepared IRS Form 4466 (Corporation Application for Quick Refund of Overpayment of Estimated Tax) with any other IRS forms as may be reasonably necessary (including IRS Form 8302 (Electronic Deposit of Tax Refund of $1 Million or More)) and any analogous application for a state refund of an overpayment of estimated state Income Taxes with respect to such Tax period. Any such refund application shall be treated as an Income Tax Return that is subject to analogous review, comment and filing procedures to those set forth in Section 6.9(a)(i). Within fifteen (15) Business Days of the receipt from the applicable Taxing Authority of a refund as a result of such a refund application, Parent shall pay or cause to be paid an amount equal to such refund to accounts designated by the Equityholders' Representative for distribution to the Equityholders.

(iii) To the extent that the Company, the Surviving Corporation or any of their Subsidiaries (or any of their successors) has a net operating loss that is attributable to the deduction of Transaction Tax Benefit Items, the Equityholders' Representative shall prepare or cause to be prepared any claim for refund (including IRS Form 1139 or any successor form, and any comparable state or local forms) or amended Tax Return to effect a carryback of such loss (a "TTB Carryback") to the fullest extent permitted by Law. Any such refund claim shall be treated as an Income Tax Return that is subject to analogous review, comment and filing procedures to those set forth in Section 6.9(a)(i). Unless otherwise required by applicable Law, any TTB Carryback shall be utilized to its fullest extent prior to the utilization of any carryback of any Tax attribute of the Company, the Surviving Corporation or any of their Subsidiaries (or any of their successors) generated during a Post-Closing Tax Period. Within fifteen (15) Business Days of the receipt from the applicable Taxing Authority of a refund as a result of such a refund claim, Parent shall pay or cause to be paid an amount equal to such refund to accounts designated by the Equityholders' Representative for distribution to the Equityholders.

(iv) To the extent that, after the application of Section 6.9(e)(ii) and Section 6.9(e)(iii), the Company, the Surviving Corporation or any of their Subsidiaries (or any of their successors) has a net operating loss carryforward that is attributable to the Transaction Tax Benefit Items (a "TTB Carryforward"), then Parent shall pay or cause to be paid to accounts designated by the Equityholders' Representative for distribution to the Equityholders an amount equal to the sum of (A) one hundred percent (100%) of the amount by which (1) the amount of state Taxes that Parent, the Group Companies, and Parent's other subsidiaries (or any of their successors), reporting as a combined group, would have been required to pay in the State of California during the period beginning on the Closing Date and ending December 31, 2016, but for the TTB Carryforward, exceeds (2) the amount of state Taxes actually payable in the State of California by Parent, the Group Companies, and Parent's other subsidiaries (or any of their successors), reporting as a combined group, in such period, plus (B) fifty percent (50%) of the amount by which (1) the amount of U.S. federal Taxes that Parent, the Group Companies, and Parent's other subsidiaries (or any of their successors), reporting as a consolidated group, would have been required to pay during the period beginning on the Closing Date and ending December 31, 2016, but for the TTB Carryforward, exceeds (2) the amount of U.S. federal Taxes actually payable by Parent, the Group Companies, and Parent's other subsidiaries (or any of their successors), reporting as a consolidated group, in such period; provided, however, that, unless otherwise required by applicable Law, such amount shall be determined (x) by Parent in its reasonable discretion, exercised in good faith, and (y) prior to taking into account any Tax

attribute of Parent, the Group Companies, and Parent's other subsidiaries (or any of their successors) generated during the period beginning on the Closing Date and ending December 31, 2016. Parent shall make such payments, or cause such payments to be made, within fifteen (15) Business Days of filing the Tax Return for the Tax year(s) in which such TTB Carryforward is utilized.

(f) Overlap Provisions. In the event of any conflict or overlap between the provisions of this Section 6.9 and Article IX, the provisions of this Section 6.9 shall control.

SECTION 6.10 Disclosure Schedules; Supplementation and Amendment of Schedules. From time to time prior to the Closing, the Company shall have the right to supplement or amend the Company Disclosure Schedule with respect to any matter hereafter arising or discovered after the delivery of the Company Disclosure Schedule pursuant to this Agreement; provided, however, that such supplements or amendments to the Company Disclosure Schedule shall have no effect for the purposes of determining the satisfaction of any condition to Closing set forth in Article VII. Such supplements or amendments to the Company Disclosure Schedule shall also, for purposes of determining whether the Company has breached any of its representations and warranties hereunder for any purpose other than Section 7.2(a), not be deemed to amend the Company Disclosure Schedule hereto and the sections of the Company Disclosure Schedule referenced in such supplement or amendment.

SECTION 6.11 Exclusivity. The Company agrees that after the date hereof until the earlier of the Closing or the termination of this Agreement in accordance with its terms, it shall not, and it shall cause its Subsidiaries and Affiliates and shall use its reasonable best efforts to cause the officers, directors, managers, employees, investment bankers, attorneys, accountants, agents, advisors, representatives and Affiliates of the Group Companies not to, directly or indirectly: (a) solicit, initiate, or knowingly facilitate or encourage the submission of any Acquisition Proposal; (b) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or take any other action knowingly to facilitate or encourage any inquiries or the making of any proposal that constitutes, or could be expected to lead to, any Acquisition Proposal; (c) grant any waiver or release under any standstill or similar agreement with respect to any class of the Company's or any Company Subsidiaries' securities; or (d) enter into any agreement with respect to any Acquisition Proposal. The Company agrees to promptly notify Parent upon receipt by the Company of any Acquisition Proposal. For purposes of this Section 6.11, "Acquisition Proposal" means any offer or proposal for, or indication of interest in, a merger, consolidation, stock exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction which involves any purchase of at least 51% of the assets of the Group Companies, taken as a whole, or any capital stock of any Group Company, other than the transactions contemplated by this Agreement.

SECTION 6.12 Errors and Omissions and Employment Practices Liability Extended Reporting ("Tail") Coverage.

(a) On or before the Closing Date, the Company will arrange to purchase, at the Company's expense (to be treated as an Unpaid Company Transaction Expense hereunder), extended reporting period ("tail") coverage extensions for each of the Company's professional

liability (E&O) insurance policy and employment practices liability (EPL) insurance policy (each and collectively, the "Required Tail Coverage"). The Required Tail Coverage shall extend for a period of at least five (5) years from the Effective Time, shall have the same limits and deductibles currently in effect, and shall otherwise be in form reasonably acceptable to Parent. Without limiting the generality of the foregoing, the endorsement or policy evidencing the Required Tail Coverage shall not contain an "other insurance" or similar provision that purports to make the Required Tail Coverage excess rather than primary and non-contributory coverage as to any error or omission or EPL occurrence arising before later of the Closing Date and the Effective Time (an "Excess Coverage Provision"). If the Required Tail Coverage is procured as an endorsement to the Company's existing E&O insurance policy or EPL insurance policy, and the existing policy contains an Excess Coverage Provision, the Required Tail Coverage endorsement shall amend the existing policy to (i) remove the Excess Coverage Provision and (ii) state expressly that the Required Tail Coverage shall be primary and non-contributory as to any error or omission or EPL occurrence arising before the Effective Time.

(b) Notwithstanding the foregoing, it is the parties' intent that, subject to the terms and conditions of Article IX of this Agreement: (i) as between the Required Tail Coverage and any coverage that might be available under Parent's policies, the Required Tail Coverage shall be primary and non-contributory; (ii) Parent may seek indemnity from the Escrow Fund for any deductibles or retentions under the Required Tail Coverage ("Required Tail Deductible")to the extent permitted under Article IX.

(c) After the Closing, with respect to any Action that names or otherwise involves any Company Group, Parent, the Surviving Corporation, or their Affiliates as to which defense and/or coverage may be available for the Company Group, the Surviving Corporation, Parent or their Affiliates under the Required Tail Coverage, Parent may, at its option and sole discretion, directly pay any applicable Required Tail Deductible under the Required Tail Coverage to the appropriate Carrier and seek indemnity for such Required Tail Deductible pursuant to Article IX. Nothing in this Section 6.12 shall limit or affect the parties' indemnity rights and obligations under Article IX.

SECTION 6.13 Proration of January 2012 Income and Adjustment of Closing Working Capital. Notwithstanding anything in this Agreement to the contrary, in the event the Merger closes in January 2012:

(a) January Income (as defined below) shall be multiplied by a fraction (the "Proration Factor"), the numerator of which is the number of days in the period beginning on January 1, 2012, and ending on the Closing Date, and the denominator of which is thirty-one (31). The product of January Income *times* the Proration Factor shall be deemed the reportable income for January 2012 for the Group Companies prior to the Closing Date, and the balance of January Income minus such product shall be deemed reportable income for January 2012 for the Group Companies on and after the Closing Date. The term "January Income" means (i) total revenues earned by the Group Companies during calendar month January 2012, *minus* (ii) total expenses (*excluding* Unpaid Company Transaction Expenses and interest expense) incurred by the Group Companies during calendar month January 2012, as determined in accordance with the Group Companies' standard accounting practices and methodology applied on a consistent basis.

(b) Closing Working Capital shall determined using Closing Working Capital as of December 31, 2011, as adjusted by an amount equal to (i) the Proration Factor *times* (ii) the difference of (A) Closing Working Capital as of January 31, 2012, minus (B) Closing Working Capital as of December 31, 2011.

ARTICLE VII.
CONDITIONS TO CLOSING

SECTION 7.1 Conditions to Obligations of the Company. The obligations of the Company to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction, fulfillment or written waiver by the Company, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. (i) The representations and warranties of Parent and Merger Sub set forth in Article V shall be true and correct in all material respects at and as of the date of this Agreement and as of the Closing Date as though then made (except that those representations and warranties that are made as of a specific date need only be true and correct in all material respects as of such date); and (ii) the covenants and agreements set forth in this Agreement to be performed or complied with by Parent and Merger Sub at or prior to the Effective Time shall have been performed or complied with in all material respects.

(b) No Governmental Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the Merger or any other transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of the Merger or any of the other material transactions contemplated by this Agreement.

(c) HSR Act. The waiting period under the HSR Act, if applicable, shall have expired or been terminated.

(d) Closing Deliveries. The Parent shall have made those payments and delivered each of the agreements, certificates, instruments and other documents that it is obligated to deliver pursuant to Section 2.3(c).

SECTION 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction, fulfillment or written waiver by Parent, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. (i) The representations and warranties of the Company set forth in Article IV shall be true and correct at and as of the date of this Agreement and as of the Closing Date (except that those representations and warranties that are made as of a specific date need only be true and correct in all respects as of such date), except where the failure of such representations and warranties to be true and correct has not had, individually or in the aggregate, a Material Adverse Effect; (ii) the covenants and agreements set forth in this Agreement to be performed or complied with by the Company at or prior to the Closing shall have been performed or complied with in all material respects; and (iii) Parent shall have received an officer's certificate of the Company, dated as of the Closing Date, certifying as to the matters set forth in clauses (i) and (ii) of this Section 7.2(a).

(b) No Governmental Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the Merger or any of the other material transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of the Merger or any of the other transactions contemplated by this Agreement.

(c) HSR Act. The waiting period under the HSR Act, if applicable, shall have expired or been terminated.

(d) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred and be continuing any Material Adverse Effect on the Group Companies; and

(e) Closing Deliveries. The Company and the Equityholders' Representative shall have delivered each of the agreements, certificates, instruments and other documents that they are obligated to deliver pursuant to Section 2.3(b).

SECTION 7.3 Frustration of Closing Conditions. None of the Company, Parent or Merger Sub may rely on the failure of any condition set forth in Section 7.1 or Section 7.2, as the case may be, if such failure was caused by such party's (or in the case of Parent or Merger Sub, either such party's) failure to comply with any provision of this Agreement.

ARTICLE VIII.
TERMINATION, AMENDMENT AND WAIVER

SECTION 8.1 Termination. This Agreement may be terminated at any time prior to the Closing only as follows:

(a) by the mutual written consent of Parent, Merger Sub and the Company;

(b) by either the Company, on the one hand, or Parent and Merger Sub, on the other hand, by written notice to the other party if any Governmental Authority with jurisdiction over such matters shall have issued a Governmental Order permanently restraining, enjoining or otherwise prohibiting the Merger or any of the other transactions contemplated by this Agreement, and such Governmental Order shall have become final and unappealable; provided, however, that the terms of this Section 8.1(b) shall not be available to any party unless such party shall have used its best efforts to oppose any such Governmental Order or to have such Governmental Order vacated or made inapplicable to the Merger or other transaction contemplated by this Agreement to which such Governmental Order relates;

(c) by Parent and Merger Sub, if there shall have been a material breach of any representation, warranty, covenant or agreement by the Company or the Equityholders' Representative set forth in this Agreement, such that the conditions specified in Section 7.2 would not be satisfied at Closing (a "Terminating Company Breach"), except that, if such Terminating Company Breach is curable by the Company or the Equityholders' Representative through the exercise of commercially reasonable efforts, then, for a period of up to thirty (30) days (the "Company Cure Period"), such termination shall not be effective, and such termination shall become effective only if the Terminating Company Breach is not cured within the Company Cure Period;

(d) by the Company, if there shall have been a material breach of any representation, warranty, covenant or agreement by Parent or Merger Sub set forth in this Agreement, such that the conditions specified in Section 7.1 would not be satisfied at Closing (a "Terminating Parent Breach"), except that, if such Terminating Parent Breach is curable by Parent or Merger Sub through the exercise of commercially reasonable efforts, then, for a period of up to thirty (30) days (the "Parent Cure Period"), such termination shall not be effective, and such termination shall become effective only if the Terminating Parent Breach is not cured within the Parent Cure Period; or

(e) by Parent and Merger Sub, if the Company fails to deliver the executed Written Consent to Parent by 5:00 P.M. California time on the Business Day immediately following the date of this Agreement; and

(f) by either the Company, on the one hand, or Parent and Merger Sub, on the other hand, by written notice to the other party if the Merger shall not have been consummated on or before **[•]**[1] (the "Outside Date"), unless the failure to consummate the Merger on or prior to such date is the result of any action or inaction under this Agreement by the party seeking to terminate the Agreement pursuant to the terms of this Section 8.1(f).

SECTION 8.2 Procedure Upon Termination. In the event of termination by Parent or the Company, or both, pursuant to Section 8.1 hereof, written notice thereof shall forthwith be given to the other party or parties, and this Agreement shall terminate, and the Merger shall be abandoned, without further action by Parent or the Company.

SECTION 8.3 Effect of Termination. In the event of termination of this Agreement pursuant to and in accordance with Section 8.1, this Agreement shall forthwith become void and of no further force or effect whatsoever and there shall be no liability on the part of any party to this Agreement; provided, however, that notwithstanding the foregoing, nothing contained in this Agreement shall relieve any party to this Agreement from any liability resulting from or arising out of any intentional, material breach of any agreement or covenant hereunder; and provided, further, that notwithstanding the foregoing, the terms of Section 6.3, this Section 8.2 and Article X shall remain in full force and effect and shall survive any termination of this Agreement made in accordance with Section 8.1.

SECTION 8.4 Extension; Waiver. At any time before the Closing Date, the parties may (a) extend the time for the performance of any of their obligations or other acts, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

[1] Insert date sixty (60) days following execution of this Agreement

ARTICLE IX.
INDEMNIFICATION

SECTION 9.1 Survival of Representations (a) The representations and warranties made by the Company in Article IV, on the one hand, and by Parent and Merger Sub in Article V, on the other hand, shall survive the Closing and shall expire (i) eighteen (18) months after the Effective Time, (ii) as to any such representations and warranties the breach of which is a Special Matter, other than Tax related Special Matters and Escheat Matters, three (3) years after the Effective Time; (ii) as to any Tax related Special Matters, sixty (60) days following the expiration of all applicable statutes of limitations; and (iv) as to any Escheat Matters, the first to occur of (A) the written acknowledgment by the applicable Governmental Authority that the liability associated with such Escheat Matters has been fully discharged and (B) sixty days following the expiration of all applicable statutes of limitations (as applicable, the "Expiration Date"); provided, however, that if, at any time prior to the applicable Expiration Date, (A) Parent (acting in good faith) delivers to the Equityholders' Representative a written notice alleging the existence of (1) an inaccuracy in or a breach of any of the representations and warranties made by the Company in Article IV or (2) an otherwise indemnifiable event (and setting forth in reasonable detail the basis for the Parent's belief that such an inaccuracy or breach may exist or the belief that an otherwise indemnifiable event has occurred), or (B) the Equityholders' Representative (acting in good faith) delivers to the Surviving Corporation a written notice alleging the existence of (1) an inaccuracy in or a breach of any of the representations and warranties made by Parent and Merger Sub in Article V or (2) an otherwise indemnifiable event (and setting forth in reasonable detail the basis for the belief of the Equityholders' Representative that such an inaccuracy or breach may exist or the belief that an otherwise indemnifiable event has occurred) and asserting a claim for recovery under Section 9.2 based on such alleged inaccuracy or breach or indemnifiable event, then, in the case of clause (A) or clause (B), the claim asserted in such notice as it shall relate to the specific subject matter described in such notice shall survive the Expiration Date, and, as set forth in the Escrow Agreement, the aggregate amounts of such asserted claims shall remain with the Escrow Agent and shall not be released from the Escrow Fund until such time as such claim is fully and finally resolved. All covenants and agreements contained herein which by their terms contemplate full performance at or prior to the Closing shall terminate upon the Closing. Each covenant or agreement contained herein which is to be performed by its terms after the Closing shall survive until the last date for performance of such covenant or agreement as provided in this Agreement. (b) Notwithstanding anything in this Agreement to the contrary, if any Parent Indemnitee (acting in good faith) asserts any claim after Closing in respect of any Escheat Matter (an "Escheat Claim"), and, as of eighteen (18) months after the Effective Time, the Group Companies have not received written acknowledgment by the applicable Governmental Authority that the liability associated with such Escheat Claim has been fully discharged or the statute of limitations (plus sixty (60) days) has not expired (an "Undischarged Escheat Claim"), then: (i) the greater of (A) the aggregate of all Undischarged Escheat Claims, and (B) the amount of **Two Million Five Hundred Thousand Dollars ($2,500,000.00)** (as applicable, the "Escheat Matters Reserve"), shall remain with the Escrow Agent and shall not be released from the Escrow Fund; and (ii) upon thirty (30) months after the Effective Time, the Escheat Matters Reserve, less the aggregate amount of any Undischarged Escheat Claims that remain subject to an outstanding written demand for payment from a Governmental Authority as of such time, and any other outstanding and unsatisfied claims for Escheat Matters, shall be released to the Equityholders' Representative. For clarity,

the amount of any indemnity claims, including any indemnity claims for outstanding written demand for payment of any Undischarged Escheat Claims and other claims for Escheat Matters, pending at the time that any portion of the Escrow Fund is otherwise due to be released to the Equityholders' Representative, will not be released from the Escrow Fund and will remain with the Escrow Agent until such time as such claims are fully and finally resolved, in accordance with this Article IX and the Escrow Agreement.

SECTION 9.2 Right to Indemnification.

(a) Parent Indemnitees' Right to Indemnification.

(i) Subject to the limitations set forth in Section 9.2(a)(ii) and Section 9.3, from and after the Effective Time, the Parent Indemnitees shall be entitled to be indemnified, solely from the Escrow Fund, against any Damages incurred or sustained by the Parent Indemnitees arising out of or as a result of: (i) any breach of any representation or warranty set forth in Article IV. Solely for purposes of determining the amount of Damages actually incurred by the Parent Indemnitees, the representations and warranties set forth in Article IV shall be read without giving effect to any materiality, Material Adverse Effect or similar materiality qualification set forth therein; provided, however, that the representation set forth in Section 4.6(a) shall be read giving effect to the Material Adverse Effect qualification set forth therein. Subject to the limitations set forth in Section 9.2(a)(ii) and Section 9.3, any indemnification of the Parent Indemnitees pursuant to this Section 9.2(a) shall be paid solely and exclusively from the Escrow Fund in accordance with the terms of the Escrow Agreement, and no holder of Company Common Stock, Company RSU Awards, Company Options, or any other Person shall be liable for any Damages directly, including with respect to any deficiency with respect to the Escrow Fund.

(ii) Subject to the limitations set forth in Section 9.3, from and after the Effective Time, the Parent Indemnitees shall be entitled to be indemnified, first from the Escrow Fund, and then, only to the extent the Escrow Fund is insufficient, solely with respect to Damages incurred or sustained by the Parent Indemnitees arising out of or as a result of any Special Matter, from each Equityholder, on a several and not joint basis, in accordance with such Equityholder's Applicable Percentage of any Damages incurred or sustained by the Parent Indemnitees pursuant to this Section 9.2(a). No Equityholder shall be liable pursuant to this Section 9.2(a)(ii) for an aggregate amount in excess of the aggregate Per Share Merger Consideration actually received by such Equityholder pursuant to this Agreement.

(b) Equityholder Right to Indemnification.

(i) Subject to the limitations set forth in Section 9.3, from and after the Effective Time, the Equityholders shall be entitled to be indemnified by Parent and the Surviving Corporation against any Damages incurred by any of the Equityholders arising out of or as a result of: (i) any breach of any representation or warranty set forth in Article V, without giving effect to any materiality, Material Adverse Effect or similar materiality qualification set forth in any such representations or warranties; or (ii) any material breach of any covenant or agreement of Parent or the Surviving Corporation set forth in this Agreement which is to be performed by its terms after the Closing.

(ii) Subject to the limitations set forth in Section 9.3, from and after the Effective Time, the Equityholders shall be entitled to be indemnified by Parent and the Surviving Corporation, on a joint and several basis, from and against any Damages incurred or sustained by the Equityholders arising out of or as a result of any Special Matter.

SECTION 9.3 Limitations on Liability.

(a) Except as provided for in Section 9.2(a)(ii), the right of the Parent Indemnitees to be indemnified from the Escrow Fund pursuant to this Article IX shall be the sole and exclusive remedy with respect to any breach of any representation or warranty of the Company contained in, or any other breach by the Company of, this Agreement. Except as provided for in Section 9.2(a)(ii), neither the Equityholders' Representative nor any current or former stockholder, director, officer, employee, Affiliate or advisor of the Company, of its Subsidiaries or of any Equityholder shall have any Liability of any nature to the Parent Indemnitees with respect to any breach of any representation or warranty contained in, or any other breach of, this Agreement.

(b) The right of the Equityholders to be indemnified pursuant to this Article IX shall be the sole and exclusive remedy with respect to any breach of any representation or warranty of Parent or Merger Sub contained in, or any other breach by Parent or Merger Sub of, this Agreement. No current or former stockholder, director, officer, employee, Affiliate or advisor of Parent or of Merger Sub shall have any Liability of any nature to any Equityholder or any Affiliate of any Equityholder with respect to any breach of any representation or warranty contained in, or any other breach of, this Agreement.

(c) Without limiting the effect of any other limitation contained in this Article IX, the indemnification provided for in Section 9.2 shall not apply except to the extent that the aggregate Damages against which any Indemnitee would otherwise be entitled to be indemnified under this Article IX exceeds **Four Million Dollars** (**$4,000,000.00)**, in which event Indemnitee shall, subject to the other limitations contained herein, be entitled to be indemnified only against the portion of such Damages in excess of such amount. For purposes of this Section, the Parent Indemnitees, on the one hand, and the Equityholders, on the other hand, shall be considered one "Indemnitee". Nothing in this Section 9.3(c) will limit any remedy any of the Parent Indemnitees or any of the Equityholders may have against any Person for any applicable Special Matter.

(d) Without limiting the effect of any other limitation contained in this Article IX, for purposes of computing the amount of any Damages incurred by any Indemnitee (the Parent Indemnitees, on the one hand, and the Equityholders, on the other hand, being considered one "Indemnitee" for purposes of this Section) under this Article IX, there shall be deducted (i) an amount equal to the amount of any Tax benefit actually realized by Parent or any of its Affiliates in connection with such Damages or any of the circumstances giving rise thereto; and (ii) an amount equal to the amount of any insurance proceeds, indemnification payments, contribution payments or reimbursements received or reasonably expected to be realized by Parent or any of its Affiliates in connection with such Damages or any of the circumstances giving rise thereto (it being understood that Indemnitee and any of its Affiliates shall use commercially reasonable efforts to obtain such proceeds, payments or reimbursements prior to

seeking indemnification under this Article IX). The calculation of Damages shall not include losses arising because of a change after Closing in Law or accounting policy. To the extent that a claim for indemnification by the Parent Indemnitees hereunder relates to a Liability incurred by the Company and there is an accrual on the Company Financial Statements as of the Balance Sheet Date in respect of such Liability, then the determination of Damages in respect of such claim shall be net of such accrual.

(e) Without limiting the effect of any other limitation contained in this Article IX, the Parent Indemnitees shall not be entitled to indemnification under this Article IX to the extent that such indemnifiable event actually gave rise to an adjustment to the Per Share Merger Consideration made following the Closing pursuant to Section 2.8.

(f) Nothing in this Section 9.3 shall limit any remedy the Parent Indemnitees or any of the Equityholders may have against any Person for actual fraud involving a knowing and intentional misrepresentation of a fact, or a knowing and intentional omission of a fact, material to the transactions contemplated by this Agreement, made or omitted with the intent of inducing any other party hereto to enter into this Agreement and upon which such other party has relied (as opposed to any fraud claim based on constructive knowledge or negligent misrepresentation or similar theory) under applicable tort laws.

(g) Upon any Indemnitee becoming aware of any claim as to which indemnification may be sought by such Indemnitee pursuant to this Article IX, such Indemnitee shall utilize reasonable efforts, consistent with normal practices and policies and good commercial practice, to mitigate such Damages.

(h) Notwithstanding anything to the contrary in this Agreement, the Parent Indemnitees shall not be entitled to indemnification pursuant to this Article IX with respect to any Tax attributes (including, without limitation, tax basis, tax credits and net operating losses) of any Group Company.

SECTION 9.4 Defense of Third-Party Claims.

(a) Upon receipt by any Person seeking to be indemnified pursuant to Section 9.2 (the "Indemnitee") of notice of any actual or possible Action that has been or may be brought or asserted by a third party against such Indemnitee and that may be subject to indemnification hereunder (a "Third-Party Claim"), the Indemnitee shall promptly give notice of such Third-Party Claim to the Person from whom indemnification is sought under Section 9.2 (the "Indemnitor") indicating the nature of such Third-Party Claim and the stated basis therefor and the amount of Damages claimed pursuant to such Third-Party Claim, to the extent known, provided, however, that no delay on the part of the Indemnitee in notifying the Indemnitor (or, if applicable, the Carrier for any applicable Required Tail Coverage) shall relieve the Indemnitor from its obligations hereunder, except and to the extent the Indemnitor is prejudiced by such delay.

(b) The Indemnitor shall have thirty (30) days after receipt of the Indemnitee's notice of a given Third-Party Claim to elect, at its option, to assume the defense of any such Third-Party Claim, in which case: (i) the attorneys' fees, other professionals' and experts' fees and court or arbitration costs incurred by the Indemnitor in connection with defending such Third-Party Claim shall be payable by such Indemnitor; (ii) the Indemnitee shall not be entitled to be

indemnified for any costs or expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim; (iii) the Indemnitee shall be entitled to monitor such defense at its expense; (iv) the Indemnitee shall make available to the Indemnitor all books, records and other documents and materials that are under the direct or indirect control of the Indemnitee or any of its Subsidiaries or other Affiliates and that the Indemnitor considers reasonably necessary or desirable for the defense of such Third-Party Claim; (v) the Indemnitee shall execute such documents and take such other actions as the Indemnitor may reasonably request for the purpose of facilitating the defense of, or any settlement, compromise or adjustment relating to, such Third-Party Claim; (vi) the Indemnitee shall otherwise fully cooperate as reasonably requested by the Indemnitor in the defense of such Third-Party Claim; (vii) the Indemnitee shall not admit any liability with respect to such Third-Party Claim; and (viii) the Indemnitor shall not enter into any agreement providing for the settlement or compromise of such Third-Party Claim or consent to the entry of a judgment with respect to such Third-Party Claim without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld, conditioned or delayed) if such settlement agreement imposes on the Indemnitee or any of its Subsidiaries or other Affiliates any obligation other than an obligation to pay monetary Damages in an amount less than the aggregate cash amount remaining in the Escrow Fund; provided that, if in the reasonable opinion of counsel for the Indemnitees, there is a reasonable likelihood of a conflict of interest between the Indemnitor and the Indemnitee, then the reasonable cost of one counsel for all of the Indemnitees shall be borne by the Indemnitor. If the Indemnitor elects not to defend such Third-Party Claim, then (x) the Indemnitee shall diligently defend such Third-Party Claim, and (y) the Indemnitee shall have no right to seek indemnification under this Article IX in respect of such Third-Party Claim for any agreement providing for the settlement or compromise of such Third-Party Claim or the consent to the entry of a judgment with respect to such Third-Party Claim entered into without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that except as otherwise set forth in this Agreement, in no event shall the maximum aggregate Liability of the Equityholders for indemnification claims payable by the Equityholders hereunder exceed the Escrow Fund.

SECTION 9.5 Subrogation. To the extent that an Indemnitee is entitled to indemnification pursuant to this Article IX, the Indemnitor shall be entitled to exercise, and shall be subrogated to, any rights and remedies (including rights of indemnity, rights of contribution and other rights of recovery) that the Indemnitee or any of the Indemnitee’s Subsidiaries or other Affiliates may have against any other Person with respect to any Damages, circumstances or matter to which such indemnification is directly or indirectly related. The Indemnitee shall permit the Indemnitor to use the name of the Indemnitee and its Affiliates in any transaction or in any proceeding or other matter involving any of such rights or remedies, and the Indemnitee shall take such actions as the Indemnitor may reasonably request for the purpose of enabling the Indemnitor to perfect or exercise the right of subrogation of the Indemnitor under this Section 9.5.

SECTION 9.6 Limitation on Damages. Notwithstanding anything to the contrary elsewhere in this Agreement or provided for under any applicable Law, no party nor any Equityholder or the Equityholders’ Representative, nor any member, current or former shareholder, director, officer, employee, Affiliate or advisor of any of the foregoing, shall, in any event, be liable to any other Person, either in contract, strict liability, tort or otherwise, for any

special, indirect, consequential, exemplary or punitive Damages or any Damages associated with any lost profits or lost opportunities of such other Person, including loss of future revenue, income or profits, diminution of value or loss of business reputation or opportunity relating to the breach or alleged breach hereof, whether or not the possibility of such Damages has been disclosed to the other party in advance or could have been reasonably foreseen by such other party, other than for actual fraud involving a knowing and intentional misrepresentation of a fact, or a knowing and intentional omission of a fact, material to the transactions contemplated by this Agreement, made or omitted with the intent of inducing any other party hereto to enter into this Agreement and upon which such other party has relied (as opposed to any fraud claim based on constructive knowledge or negligent misrepresentation or similar theory) under applicable tort laws.

SECTION 9.7 Characterization of Indemnification Payments. The parties agree that any indemnification payments made pursuant to this Article IX shall be treated for all Tax purposes as an adjustment to the Base Merger Consideration unless otherwise required by Law.

SECTION 9.8 Prosecution of Escheat Matters**.** The parties acknowledge and agree that, promptly after Closing, Parent shall initiate and prosecute, and/or to cause the applicable Group Companies to initiate and prosecute, the resolution of all potential Escheat Matters outstanding as of Closing, in each case in consultation with the Equityholders' Representative. The Equityholders' Representative will fully cooperate with Parent and the Group Companies in the prosecution of the resolution of all Escheat Matters. At the request of the Equityholders' Representative, the Equityholders' Representative may participate with Parent and the applicable Group Companies in discussions and negotiations with the applicable Governmental Authorities regarding the resolution of any Escheat Matter. Parent shall not, and shall cause the applicable Group Companies not to, settle or pay any claim in resolution of any Escheat Matter without the Equityholders' Representative's prior written approval (such approval not to be unreasonably withheld, conditioned, or delayed). Any professional fees and related expenses and Allocated Labor Costs (as defined below) incurred in connection with the prosecution, negotiation, and resolution of any Escheat Matters in excess of $300,000.00 per calendar year or $600,000.00 in the aggregate shall require the approval of the Equityholders' Representative, which approval shall not be unreasonably withheld, conditioned, or delayed. Parent shall track, and/or cause the applicable Group Companies to track, and report to the Equityholders' Representative, on not less than a quarterly basis, those man-hours spent by employees of Parent or any applicable Group Company in gathering information and otherwise assisting in the prosecution of the resolution of the Escheat Matters, and the resulting allocated direct compensation expense for such employees (based upon a reasonable hourly rate for such employees) ("Allocated Labor Costs"), and any related costs and expenses incurred by Parent or any applicable Group Company arising out of or in connection with such activities.

ARTICLE X.
GENERAL PROVISIONS

SECTION 10.1 Equityholders' Representative.

(a) Appointment. By virtue of the adoption of this Agreement by the Company's stockholders, and without further action of any Company stockholder, each

Equityholder shall be deemed to have irrevocably constituted and appointed Spectrum Equity Investors V, L.P. (and by execution of this Agreement, Spectrum Equity Investors V, L.P. hereby accepts such appointment) as agent and attorney-in-fact for and on behalf of the Equityholders (in their capacity as such), with full power of substitution, to act in the name, place and stead of each Equityholder with respect to and in connection with and to facilitate the consummation of the transactions contemplated hereby, including the taking by the Equityholders' Representative of any and all actions and the making of any decisions required or permitted to be taken by the Equityholders' Representative under Section 2.8, Article IX or the Escrow Agreement (it being understood that the Equityholders' Representative shall have no right to pursue any claim on behalf of any Company Indemnified Party in respect of the rights granted to Company Indemnified Parties under Section 6.6). The power of attorney granted in this Section 10.1 is coupled with an interest and is irrevocable, may be delegated by the Equityholders' Representative and shall survive the death or incapacity of each Equityholder. No bond shall be required of any member of the Equityholders' Representative, and the Equityholders' Representative shall receive no compensation for its services.

(b) Limitation on Liability. The Equityholders' Representative and each representative thereof shall not be liable to any Person for any act of the Equityholders' Representative taken in good faith and in the exercise of its reasonable judgment and arising out of or in connection with the acceptance or administration of its duties under this Agreement and the Escrow Agreement (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of such good faith and reasonable judgment), except to the extent it is ultimately and finally determined by a court of competent jurisdiction and all rights of appeal have been lapsed that any Damages actually have been incurred by such Person as a proximate result of the gross negligence or bad faith of the Equityholders' Representative. The Equityholders' Representative shall not be liable for, and may seek indemnification from the Equityholders for, any Damages incurred by the Equityholders' Representative while acting in good faith and in the exercise of its reasonable judgment and arising out of or in connection with the acceptance or administration of its duties under this Agreement and the Escrow Agreement, except to the extent it is ultimately and finally determined by a court of competent jurisdiction and all rights of appeal have been lapsed that any such Damages are the proximate result of the gross negligence or bad faith of the Equityholders' Representative.

(c) Equityholder Reserve. The Equityholder Reserve shall be available to indemnify and hold the Equityholders' Representative harmless against any Damages incurred by the Equityholders' Representative arising out of or in connection with the acceptance or administration of its duties under this Agreement and the Escrow Agreement, except to the extent it is ultimately and finally determined by a court of competent jurisdiction and all rights of appeal have been lapsed that any such Damages are the proximate result of the gross negligence or bad faith of the Equityholders' Representative. The Equityholders' Representative shall be entitled to recover any payments made on behalf of the Equityholders pursuant to the terms of this Agreement or the Escrow Agreement and any out-of-pocket costs and expenses reasonably incurred by the Equityholders' Representative in connection with actions taken by the Equityholders' Representative pursuant to the terms of this Agreement or the Escrow Agreement (including the hiring of legal counsel and the incurring of legal fees and costs), first from the Equityholder Reserve, and in the event the Equityholder Reserve is exhausted, then from the

Equityholders jointly and severally, including by way of offset against any amounts otherwise distributable to any Equityholder pursuant to the Escrow Agreement. Upon the determination of the Equityholders' Representative, in its sole discretion, that the last date for performance of any duties on the part of the Equityholders' Representative under this Agreement or the Escrow Agreement has occurred, the Equityholders' Representative shall cause to be paid to each Equityholder by delivery of immediately available funds to such Equityholder an amount equal to the product of any remaining amount of the Equityholder Reserve multiplied by such Equityholder's Applicable Percentage.

(d) Actions of the Equityholders' Representative. From and after the Effective Time, a decision, act, consent or instruction of the Equityholders' Representative with respect to this Agreement or the Escrow Agreement shall constitute a decision of all Equityholders and shall be final, binding and conclusive upon each Equityholder, and the Escrow Agent and Parent may rely upon any decision, act, consent or instruction of the Equityholders' Representative as being the decision, act, consent or instruction of each Equityholder. Parent is hereby relieved from any liability to any Person for any acts done by Parent in accordance with any such decision, act, consent or instruction of the Equityholders' Representative.

SECTION 10.2 Expenses. Whether or not the Merger is consummated, and except as otherwise expressly provided in this Agreement, all costs and expenses (including all fees and disbursements of counsel, financial advisors and accountants) incurred in connection with the negotiation and preparation of this Agreement, the performance of the terms of this Agreement and the consummation of the transactions contemplated by this Agreement, shall be paid by the respective party incurring such costs and expenses, whether or not the Closing shall have occurred.

SECTION 10.3 Costs and Attorneys' Fees. Subject to the limitations set forth herein, including Article IX, in the event that any Action is instituted concerning or arising out of this Agreement, the prevailing party shall recover all of such party's costs and reasonable attorneys' fees incurred in connection with each and every such Action, including any and all appeals and petitions therefrom.

SECTION 10.4 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (i) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (ii) if sent by nationally recognized overnight air courier, one (1) Business Day after mailing; (iii) if sent by facsimile transmission, with a copy mailed on the same day in the manner provided in clauses (i) or (ii) of this Section 10.4, when transmitted and receipt is confirmed by telephone and (iv) if otherwise actually personally delivered, when delivered; provided, that such notices, requests, demands and other communications are delivered to the address set forth below, or to such other address as any party shall provide by like notice to the other parties to this Agreement:

(a) if to the Company (prior to the Closing), to:

Arrowhead General Insurance Agency SuperHolding Corporation
701 B Street
Suite 2100
San Diego, California 92101
Facsimile: (619) 881-8695
Attention: D. McDonald Armstrong

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
233 South Wacker Drive
Suite 5800
Chicago, Illinois 60606
Facsimile: (312) 993-9767
Attention: Richard S. Meller

(b) if to Parent or Merger Sub or, if after the Closing, to the Company, to:

Brown & Brown, Inc.
220 South Ridgewood Avenue
Daytona Beach, Florida 32114
Facsimile: (386) 239-7293
Attention: Robert W. Lloyd, General Counsel

(c) if to the Equityholders' Representative, to:

Spectrum Equity Investors V, L.P.
333 Middlefield Road
Suite 200
Menlo Park, California 94025
Facsimile: (415) 464-4601
Attention: Brion B. Applegate

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
233 South Wacker Drive
Suite 5800
Chicago, Illinois 60606
Facsimile: (312) 993-9767
Attention: Richard S. Meller

SECTION 10.5 Public Announcements. Unless otherwise required by applicable Law or applicable stock exchange rules and regulations, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated by this Agreement, or otherwise communicate with any news media regarding this Agreement or the transactions contemplated by this Agreement, without the prior written consent of the other

parties to this Agreement. If a public statement is required to be made pursuant to applicable Law or applicable stock exchange rules and regulations, the parties shall consult with each other, to the extent reasonably practicable, in advance as to the contents and timing thereof.

SECTION 10.6 Severability. In the event that any one or more of the terms or provisions contained in this Agreement or in any other certificate, instrument or other document referred to in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or any other such certificate, instrument or other document referred to in this Agreement, and the parties to this Agreement shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of this Agreement. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

SECTION 10.7 Entire Agreement. This Agreement (including the Company Disclosure Schedule, the other Schedules and the Exhibits to this Agreement) and the Confidentiality Agreement constitute the entire agreement of the parties to this Agreement with respect to the subject matter of this Agreement and the Confidentiality Agreement, and supersede all prior agreements and undertakings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement and the Confidentiality Agreement, except as otherwise expressly provided in this Agreement.

SECTION 10.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties to this Agreement (whether by operation of law or otherwise) without the prior written consent of the other parties to this Agreement, and any purported assignment or other transfer without such consent shall be void and unenforceable, provided that Parent may assign this Agreement or any of its rights, interests or obligations hereunder to a wholly-owned subsidiary of Parent without the prior written consent of the other parties to this Agreement, provided further, however, that such assignment shall not relieve Parent of its obligations under this Agreement. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties to this Agreement and their respective successors and permitted assigns.

SECTION 10.9 No Third-Party Beneficiaries. Except for Article II, Section 6.6 and Section 6.7, this Agreement is for the sole benefit of the parties to this Agreement and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 10.10 Waivers and Amendments. This Agreement may be amended or modified only by a written instrument executed by all of the parties to this Agreement. Any

failure of the parties to this Agreement to comply with any obligation, covenant, agreement or condition in this Agreement may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver. No delay on the part of any party to this Agreement in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party to this Agreement of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. Unless otherwise provided, the rights and remedies provided for in this Agreement are cumulative and are not exclusive of any rights or remedies which the parties to this Agreement may otherwise have at law or in equity. Whenever this Agreement requires or permits consent by or on behalf of a party, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 10.10.

SECTION 10.11 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts executed in and to be performed entirely within such State. Each of the parties to this Agreement hereby irrevocably and unconditionally submits, for itself and its assets and properties, to the exclusive jurisdiction of any Delaware State court, or Federal court of the United States of America, sitting within the State of Delaware, and any appellate court from any thereof, in any Action arising out of or relating to this Agreement, the agreements delivered in connection with this Agreement, or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment relating thereto, and each of the parties to this Agreement hereby irrevocably and unconditionally (i) agrees not to commence any such Action except in such courts; (ii) agrees that any claim in respect of any such Action may be heard and determined in such Delaware State court or, to the extent permitted by Law, in such Federal court; (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such Action in any such Delaware State or Federal court; and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such Action in any such Delaware State or Federal court. Each of the parties to this Agreement hereby agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each of the parties to this Agreement hereby irrevocably consents to service of process in the manner provided for notices in Section 10.4. Nothing in this Agreement shall affect the right of any party to this Agreement to serve process in any other manner permitted by applicable Law.

SECTION 10.12 Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE, IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS

REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.12.

SECTION 10.13 Specific Performance. Each of Parent and Merger Sub, on the one hand, and the Company and the Equityholders' Representative, hereby acknowledge and agree that the failure of either of them to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part in accordance with the terms and conditions of this Agreement to consummate the Merger, may cause irreparable injury to the other parties, for which Damages, even if available, may not be an adequate remedy. Accordingly, each of Parent and Merger Sub, on the one hand, and the Company and the Equityholders' Representative, on the other hand, hereby consents to the other party seeking the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such party's obligations and to the granting by any court of the remedy of specific performance of its obligations hereunder or injunctive relief against the other party's activities in breach of this Agreement, without any requirement that a bond or other security be posted.

SECTION 10.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[*Remainder of Page Intentionally Left Blank***]**

IN WITNESS WHEREOF, Parent, Merger Sub, the Company and the Equityholders' Representative have caused this Agreement and Plan of Merger to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROWN & BROWN, INC.,
a Florida corporation

____
Name: J. Scott Penny
Title: Regional President & Chief Acquisitions Officer

PACIFIC MERGER CORP.,
a Delaware corporation

____
Name: J. Scott Penny
Title: President

ARROWHEAD GENERAL INSURANCE AGENCY SUPERHOLDING CORPORATION,
a Delaware corporation

____
Name: D. McDonald Armstrong
Title: Chief Financial Officer & Chief Operating Officer

SPECTRUM EQUITY INVESTORS V, L.P.
a Delaware limited partnership (solely in its capacity as the Equityholders' Representative)

By: Spectrum Equity Associates V, L.P.
Its: General Partner

____
Name: Brion B. Applegate
Title: Managing Member

[*Signature Page to Agreement and Plan of Merger***]**

Exhibit 10.17

EXECUTION DRAFT

AMENDED AND RESTATED
REVOLVING AND TERM LOAN AGREEMENT

Dated as of January 9, 2012

By and Between

BROWN & BROWN, INC.

and

SUNTRUST BANK

Providing for

A. $50,000,000 Revolving Loan Credit Facility

and

B. $100,000,000 Term Loan Credit Facility

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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 9, 2012 (the "**Agreement**"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "**Borrower**"), and **SUNTRUST BANK**, a Georgia corporation (the "**Lender**").

WITNESSETH:

WHEREAS, on or about June 3, 2008, the Borrower and the Lender entered into a certain Amended and Restated Revolving Loan Agreement (the "**Initial Loan Agreement**"), pursuant to which the Borrower obtained from the Lender a revolving credit facility in the amount of $50,000,000; and

WHEREAS, the Borrower desires to obtain from the Lender (i) an extension of the maturity date for said revolving credit facility in the amount of $50,000,000 to December 31, 2016, and (ii) a new credit facility consisting of a $100,000,000 term loan having a maturity date of December 31, 2016; and

WHEREAS, the Borrower and the Lender wish to amend and restate in its entirety the Initial Loan Agreement for, among other matters, to set forth the terms and conditions for said $100,000,000 term loan and to extend the maturity date of the existing $50,000,000 revolving credit facility.

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):

"2004 Note Offering" shall mean that certain transaction by which the Borrower has incurred Indebtedness up to the maximum principal amount of $200,000,000 all pursuant to the 2004 Note Purchase Agreement.

"2006 Note Offering" shall mean one or more transactions by which the Borrower has incurred or may in the future incur Indebtedness up to the maximum principal amount of $200,000,000, all pursuant to the 2006 Note Purchase Agreement.

"2004 Note Purchase Agreement" shall mean that certain Note Purchase Agreement between the Borrower and the Purchasers scheduled thereto and dated July 15, 2004 by which the Borrower has issued both Series A Notes and Series B Notes, as the same may be amended or modified from time to time.

"2006 Note Purchase Agreement" shall mean that certain Note Purchase Agreement between the Borrower and the Purchasers party thereto and dated December 22, 2006 by which the Borrower has issued Series C Notes, Series D Notes, and Series E Notes (as defined therein) and pursuant to which the Borrower may issue from time to time Fixed Rate Shelf Notes and Floating Rate Shelf Notes (as defined therein), as the same may be amended or modified from time to time.

"Advances" shall mean any principal amount advanced and remaining outstanding at any time under the Loan, which Advance shall be made or outstanding as a Base Rate Advance or a Eurodollar Advance, as the case may be. The initial and only Advance on the Term Loan shall be a 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 the percentage designated below based on the Borrower's Funded Debt to EBITDA Ratio, measured quarterly on a rolling four (4) quarters basis:

Level	Funded Debt to EBITDA Ratio	Base Rate Advances[1]	Eurodollar Advances	Availability Fee[2]
1	< 1.50x	-1.000%	1.00%	0.175%
2	³ 1.50 but < 2.00x	-1.000%	1.15%	0.20%
3	³ 2.00x	-1.000%	1.40%	0.25%

(1) On all Base Rate Advances, the Applicable Margin is a negative 100 basis points).
(2) This fee, or unused fee, will be due solely on the Revolving Loan, and not the Term Loan.

Provided, **however**, that from the date of this Agreement through the quarter ending March 31, 2012, the Applicable Margin shall be based on Level 1 pricing set forth above.

"Arrowhead Acquisition" shall mean the transaction by which the Borrower has acquired Arrowhead General Insurance Agency, Inc.

"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/365 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. For the purposes of determining the Availability Fee, all outstanding Letters of Credit and unreimbursed LC Disbursements will be deemed to be at that time outstanding Revolving Loans.

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

"Base Advance Rate" shall mean, with respect to a Base Rate Advance, the rate obtained by adding (a) the Base Rate, **plus** (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.

"Book of Business Sales" shall mean the sale by a Consolidated Company in the ordinary course of business of a book of business, either by the sale of assets or Capital Stock, which may include the sale of what is characterized as its profit center operations (i.e. office) that are made from time to time and are consistent with past practice, and where the value is less than $20,000,000.

"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 (a) Funded Debt **plus** (b) 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.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directive thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or, pursuant to the accord commonly referred to as "Basel III" or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

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

"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 EBIT" 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, which would include Book Of Business Sales) 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 EBIT, **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 (Loss), **plus** (d) all non-cash stock grant compensation 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 accordance 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.

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

"Credit Parties" shall mean, collectively, each of Borrower, 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.

"Earnout Payments" shall mean, in connection with an acquisition of the business by a Consolidated Company, any payments agreed to be made to the sellers in said acquisition as a part of the purchase price, and which payments are based upon certain performance or other standards relating to the business which has been acquired.

"EBITDA" shall mean Consolidated EBITDA.

"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. §7401 et seq.), (ii) the Clean Water Act (33 U.S.C. §1251 et seq.), (iii) the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), (iv) the Toxic Substances Control Act (15 U.S.C. §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. §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, the Chief Executive Officer, the President, any Vice President, Chief Financial Officer, Treasurer, Secretary and any Person holding comparable offices or duties.

"Facility" or "Facilities" shall mean the Revolving Loan Commitment and Revolving Loans, 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.

"GAAP" shall mean generally accepted accounting principles in the United States of America, as 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 of 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.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"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.

"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. §9601, the Resource Conservation and Recovery Act, 42 U.S.C. §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 combination thereof. Earnout Payments shall not be considered Indebtedness.

“Insurance Company Payables” shall be payables due an insurance company from the Borrower or any of its Subsidiaries which arise from time to time in the ordinary and normal course of business.

“**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. Intercompany Loans do not include the practice of the Borrower in the normal course of “sweeping” cash accounts from its “branches” (i.e., subsidiaries) to centralize the cash operations of the Consolidated Companies.

“Interest Period” shall mean with respect to Eurodollar Advances, the period of 1, 2, or 3 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.

“LC Commitment” shall mean that portion of the Revolving Loan Commitment that may be used by the Credit Parties for the issuance of Letters of Credit under this Facility in an aggregate face amount not to exceed the smaller of (a) $10,000,000, or (b) that the difference at any time between (i) the total Revolving Loan Commitment, and (ii) the total amount outstanding at that time of all Revolving Loans. The LC Commitment shall be a **“sublimit”** for the total Revolving Loan Commitment.

“LC Disbursement” shall mean a draft paid by the Lender pursuant to a Letter of Credit and any taxes, fees, charges, or other costs or expenses incurred by the Lender in connection with such payments.

“LC Documents” shall mean the Letters of Credit and all applications, agreements and instruments relating to the Letters of Credit.

"LC Exposure" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not been reimbursed by or on behalf of the Credit Parties at such time.

"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 with respect to each Type of Loan.

"Letter of Credit" shall mean any standby letters of credit or trade letters of credit issued pursuant to **Section 2.9** by Lender for the account of a Credit Party under the LC Commitment.

"Letter of Credit Margin Fee" shall mean the fee to be paid by the Borrower from time to time based on the outstanding Letters of Credit pursuant to **Section 4.5(c)** hereof.

"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 (2) Business Days prior to the first day of the Interest Period. If two (2) 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 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 **plus** (b) the Applicable Margin for a Eurodollar Advance.

"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, (i) collectively, the Revolving Loans, and (ii) the Term Loan, or either of them as the context may require.

"Margin Regulations" shall mean 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 6.27(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.

"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) December 31, 2016, 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.

"Note" or **"Notes"** shall mean, individually or collectively, as the context may require, (i) the Revolving Credit Note and (ii) the Term Note, either 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 after giving effect to said acquisition, no Event of Default will occur or be continuing and the Funded Debt to EBITDA Ratio will not be greater than 2.5:1.

"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 6.27(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, as made 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 increased or decreased from time to time as a result of any increase to or reduction thereof pursuant to **Section 2.4** or **Section 2.5** hereof, or any amendment thereof pursuant to **Section 10.2** hereof. The LC Commitment shall be deemed to be a sublimit under this Revolving Loan Commitment.

"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.

"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 Indebtedness 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.

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

"Term Loan Commitment" shall mean the amount of $100,000,000.

"<u>Term Note</u>" shall mean the promissory note evidencing the Term Loan.

"**<u>Total Liabilities</u>**" or "**<u>Liabilities</u>**" 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.

"<u>Type</u>" of Borrowing shall mean a Borrowing consisting of Base Rate Advances or Eurodollar Advances.

"<u>Upfront Fees</u>" or **"<u>Closing Fees</u>"** shall mean (i) in the case of the Revolving Loans, the amount of $75,000, and (ii) in the case of the Term Loan, the amount of $175,000.

"<u>Wholly Owned Subsidiary</u>" 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 <u>Accounting Terms and Determination</u>. 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 <u>Other Definitional Terms</u>. 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 <u>Exhibits and Schedules</u>. All Exhibits and Schedules attached hereto are by reference made a part hereof.

ARTICLE II

<u>REVOLVING LOANS</u>

Section 2.1 <u>Commitment: Use of Proceeds</u>.

(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 $5,000,000 or a greater integral multiple of $1,000,000, and in the case of Base Rate Advances shall be not less than $1,000,000 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 **<u>Article II</u>** exceed eight; 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. The parties hereto agree that (i) the aggregate principal balance of the Revolving Loans 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 refinance and pay off in full any Funded Debt in existence as of Closing Date;

(iv) 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

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

Section 2.2 Revolving Notes; 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 Base Rate Advances - The Base Advance Rate in effect from time to time; and

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

(b) Interest on each Loan shall accrue from and including the date of such Loan to but excluding the date of any repayment thereof; **provided that**, if a Loan is repaid on the same day made, one day's interest shall be paid on such Loan. Interest on all outstanding 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 **provided, however,** if the Interest Period is longer than three (3) months, then the interest will be paid on the last day of each three (3) month period prior to the expiration of the applicable Interest Period. Interest on all 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 Increase in Revolving Loan Commitment up to $100,000,000. Subject to Lender's specific written approval, in its discretion, the Borrower may increase the Revolving Loan Commitment by an additional aggregate amount of $50,000,000 (to a total aggregate amount of $100,000,000) from time to time during the term of this Agreement. In order to request said increase, the Borrower shall so notify the Lender in writing as to the amount of such increase (which must be in increments of $10,000,000 or a multiple thereof) and the Lender will advise the Borrower thereafter if the Lender, in its discretion, is willing to so increase the Revolving Loan Commitment. Should the Lender agree to do so, then the parties will execute such documents as the Lender may

require to reflect said increase including, but not limited to, an amendment to this Agreement as well as a further promissory note to reflect said increase. In addition, the Borrower shall pay to the Lender on the amount of said increase an additional Upfront Fee equal to fifteen (15) basis points (0.15%) of said additional amount.

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 Days' 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 $1,000,000 or a greater integral multiple of $500,000.

Section 2.6 Letters of Credit.

(a) During the term of this Agreement and provided no Event of Default has occurred and is continuing, the Lender pursuant to this Section, agrees to issue, at the request of a Credit Party, Letters of Credit for the account of the Credit Party on the terms and conditions hereinafter set forth; **provided**, that (i) each Letter of Credit shall expire on the earlier of (A) the date one year after the date of issuance of such standby letter of credit or the date 210 days after the issuance of such trade letter of credit (or in the case of any renewal or extension thereof, one year or 210 days, respectively, after such renewal or extension) and (B) the date that is five (5) Business Days prior to the Maturity Date; (ii) each Letter of Credit shall be in a stated amount of at least $10,000.00; and (iii) a Credit Party may not request any Letter of Credit, if, after giving effect to such issuance (A) the aggregate LC Exposure would exceed the LC Commitment, or (B) the aggregate LC Exposure, ***plus*** the aggregate outstanding Revolving Loans would exceed the total Revolving Loan Commitment.

(b) To request the issuance of a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit), a Credit Party shall give the Lender irrevocable written notice at least three (3) Business Days prior to the requested date of such issuance specifying the date (which shall be a Business Day) such Letter of Credit is to be issued (or amended, extended or renewed, as the case may be), the expiration date of such Letter of Credit, the amount of such Letter of Credit , the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition to the satisfaction of the conditions in **Article IV**, the issuance of such Letter of Credit (or any amendment which increases the amount of such Letter of Credit) will be subject to the further conditions that such Letter of Credit shall be in such form and contain such terms as the Lender shall approve, and that the Credit Party shall have executed and delivered any additional applications, agreements and instruments relating to such Letter of Credit as the Lender shall reasonably require; **provided**, that in the event of any conflict between such applications, agreements or instruments and this Agreement, the terms of this Agreement shall control.

(c) Each Letter of Credit shall be subject to the Uniform Customs and Practices for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, (or such later revision as may be published by the International Chamber of Commerce on any date any Letter of Credit may be issued) and, to the extent not inconsistent therewith, the governing law of this Agreement set forth in **Section 11.7**; **provided**, **however**, if agreed to by the Lender and the Borrower, a Letter of Credit and performance under Letters of Credit by the

Lender, its correspondents, and the beneficiaries thereof will be governed by the rules of the "International Standby Practices 1998" (ISP98), International Chamber of Commerce Publication No. 590 (or such later revision as may be published by the International Chamber of Commerce on any date any Letter of Credit may be issued) and to the extent not inconsistent therewith, the governing law of this Agreement set forth in **Section 11.7**. Unless the Lender and the Borrower otherwise agree, the "International Standby Practices 1998" shall be applicable to standby letters of credit and the Uniform Customs and Practices for Documentary Credits shall be applicable to trade letters of credit.

ARTICLE III

TERM LOAN

Section 3.1 Commitment: Use of Proceeds.

(a) Subject to and upon the terms and conditions herein set forth, the Lender has made to Borrower on the Closing Date, the Term Loan in an aggregate amount of the Lender's Term Loan Commitment. The Term Loan is a term loan and, therefore, Borrower shall not be entitled to obtain any further or additional Advances on the Term Loan after the Closing Date (unless Borrower exercises its option in **Subsection 3.4** hereof).

(b) The amount advanced on the Term Loan on the Closing Date shall be deemed to be a Eurodollar Advance. The Term Loan shall, at the option of Borrower, be 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 under the Term Loan shall in the case of Eurodollar Advances be not less than $5,000,000 or a greater integral multiple of $1,000,000, and in the case of Base Rate Advances shall be not less than $1,000,000 or a greater integral multiple of $100,000, or in such lesser amount as shall then equal the outstanding balance of the Term Loan. At no time shall the number of Borrowings made as Eurodollar Advances then outstanding under this **Article III** exceed five; 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 Term Loan shall be considered as one Borrowing. The parties hereto agree that the aggregate principal balance of the Term Loan shall not exceed the Term Loan Commitment.

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

(i) To finance the Arrowhead Acquisition;

(ii) 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.

Section 3.2 Term Note; Repayment of Principal.

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

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

Section 3.3 Payment of Interest.

(a) Borrower agrees to pay interest in respect of all unpaid principal amounts of the Term Loan 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:

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

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

(b) Interest on the Term Loan shall accrue from and including the date of funding of such Loan to the date of any repayment thereof. Interest on the Term Loan shall be payable on the last day of each Interest Period applicable thereto **provided, however,** if the Interest Period is longer than three (3) months, then the interest will be paid on the last day of each three (3) month period prior to the expiration of the applicable Interest Period, **provided, further,** if the Borrower has elected under **Section 4.1(c)** to convert any portion of the Term Loan into a Base Rate Advance, interest on all outstanding Base Rate Advances shall be payable quarterly in arrears on the last calendar day of each fiscal quarter of Borrower in each year. Subject to the provisions of **Section 3.4**, no further advances shall be made on the Term Loan from and after the initial advance made by the Lender to fully fund the Term Loan.

Section 3.4 Increase in Term Loan Commitment up to $50,000,000. Subject to Lender's specific written approval, in its discretion, the Borrower may increase the Term Loan Commitment by an additional aggregate amount of $50,000,000 (to a total aggregate amount of $150,000,000) from time to time during the term of this Agreement. In order to request said increase, the Borrower shall so notify the Lender in writing as to the amount of such increase (which must be in increments of $10,000,000 or a multiple thereof) and the Lender will advise the Borrower thereafter if the Lender, in its discretion, is willing to so increase the Term Loan Commitment. Should the Lender agree to do so, then the parties will execute such documents as the Lender may require to reflect said increase including, but not limited to, an amendment to this Agreement as well as a further promissory note to reflect said increase. In addition, the Borrower shall pay to the Lender on the amount of said increase an additional Upfront Fee equal to fifteen (15) basis points (0.15%) of said additional amount.

ARTICLE IV

GENERAL LOAN TERMS

Section 4.1 Funding Notices.

(a) **On Revolving Loan**. Whenever Borrower desires to make a Borrowing on the Revolving Loan Commitment, 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) **On Term Loan**. In regard to the Term Loan, the Lender shall fully fund the Loan Commitment on the date requested by the Borrower.

(c) 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 (whether for the Revolving Loan or for the Term Loan), it shall give Lender prior written notice (or telephonic notice promptly confirmed in writing) of each such Borrowing to be converted or continued (a "**Notice of**

Conversion/Continuation"), 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.

(d) 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 each 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 Revolving Loans and the Term Loan, 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 or 3 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 (iv) 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 <u>Fees</u>.

(a) Borrower shall pay in respect to the Revolving Loan Commitment 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 **<u>Section 2.5</u>** hereof on the amount of said reduction.

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

(c) Borrower shall pay to Lender a Letter of Credit Margin Fee for the period commencing on the Closing Date to and including the Maturity Date, computed at a rate equal to the Applicable Margin for Eurodollar Advances, based on the Borrower's Funded Debt to Consolidated EBITDA Ratio, measured quarterly, on the average daily amount of the total LC Exposure, such fee being payable quarterly in arrears on the last calendar day of each calendar quarter and on the Maturity Date.

Section 4.6 <u>Voluntary Prepayments of Borrowings</u>.

(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 $5,000,000 or any greater integral multiple of $1,000,000, 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 $5,000,000 or any greater integral multiple of $1,000,000, by paying the principal amount to be prepaid, together with interest accrued and unpaid thereon to the date of prepayment, **<u>provided</u>** **<u>however</u>**, 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 **<u>Section 4.6(c)</u>** below.

(b) Borrower shall give written notice (or telephonic notice confirmed in writing) to the Lender of any intended prepayment of the Revolving Loans or the Term Loan (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 **<u>Section 4.6(b)</u>** shall designate the Types of Advances and the specific Borrowing or Borrowings which are to be prepaid, **<u>provided</u>** **<u>that</u>** (i) if any prepayment of Eurodollar Advances made pursuant to a single Borrowing 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 in the case of the Revolving Loan 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 **<u>Section 2.1</u>** above up to the Revolving Loan Commitment. In the case of the Term Loan, the foregoing provisions shall not be applicable and, in the event any prepayments are made on the Term Loan, the Borrower shall not thereafter have any right to reborrow said amount under the Term Loan.

Section 4.7 <u>Payments, etc</u>. 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.

(a) (i) 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 (A) 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, (B) to make such withholding or deduction, and (C) to pay the full amount deducted to the relevant authority in accordance with applicable law. Borrower will furnish to the Lender within thirty 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.

(b) 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.

(c) 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 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 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 any time that the making or continuance of any Eurodollar Advance in regard to any Loan 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 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 any Change in 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 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 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 __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 4.12 __Assumptions Concerning Funding of Eurodollar Advances__. Calculation of all amounts payable to a Lender under this **__Article IV__** shall be made as though that Lender had actually funded its relevant Eurodollar Advances 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 that Lender to a domestic office of that 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 4.13 __Capital Adequacy__. Without limiting any other provision of this Agreement, in the event that the Lender shall have determined that a Change in Law 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 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 Change in Law (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 Business Days after written notice and demand by 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 4.13__** (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 4.14 __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 4.11__** and **__4.12__** 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 **__4.13__** 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 4.15 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 Additional Advances. At the time of the making of the Term Loan hereunder on the Closing Date, all obligations of Borrower hereunder incurred prior to any such Advances (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 Revolving Note evidencing the Revolving Loan Commitment;

(c) The duly executed Term Note evidencing the Term Loan Commitment;

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

(e) 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;

(f) 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;

(g) 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;

(h) 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;

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

(j) 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)**, other than with respect to any such Indebtedness outstanding with the Lender, in any single case greater than $100,000;

(k) 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;

(l) 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;

(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 litigation (including without limitation, products liability and patent infringement claims) pending or threatened against the Consolidated Companies;

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

(o) 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;

(p) Financial Statements of the Borrower, audited on a consolidated basis for the fiscal years ended on December 31, 2008, 2009 and 2010; and

(q) Financial Statements of the Borrower, internally prepared and unaudited, on a consolidated basis for the three (3) month period ending September 30, 2011.

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:

(r) 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;

(s) 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

(t) 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 Parties 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 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, 2008, 2009 and 2010 certified by Deloitte & Touche, LLP, as applicable, and the three (3) month unaudited consolidated balance sheets and consolidated statements of income, stockholder equity and cash flow as and for the three (3) month period ended on September 30, 2011. 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, 2011.

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 reasonably could be expected to 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. Each Credit Party 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 each Credit Party 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 each Credit Party 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 Credit Party 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 Note 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 Notes will be used solely for the purposes specified in **Section 2.1(c)** 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 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 Capital 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. Except as set forth on **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 (i) 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, (ii) 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 (iii) 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, slowdowns 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, slowdowns 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.** 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, except as provided pursuant to **Section 8.11** or **8.16** herein. 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 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 Ad, to the extent applicable to the Borrower and its business.

(b) Borrower previously has furnished or made available to the Lender through the SEC's EDGAR filing system 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 6.26 Capital Stock of Borrower and Related Matters. 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 6.27 Material/Places of Business.

(a) The Places of Business identified in **Schedule 6.27(a)** hereof constitute all the Places of Business for the Consolidated Companies.

(b) The Material Places of Business identified in **Schedule 6.27(b)** hereof constitute all the Material Places of Business for the Consolidated Companies.

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 either the Revolving Note or the Term 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. 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, (i) all taxes, assessments and governmental charges imposed upon it or upon its property, and (ii) 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 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 Deloitte & Touche, 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 reasonably 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 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) **Other Information**. With reasonable promptness, such other information about the Consolidated Companies as the Lender may reasonably request from time to time;

(m) **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) Consolidated Net Worth of a minimum of the sum of (i) 1,375,000,000 **plus** (ii) 50% of cumulative positive Net Income after December 31, 2011, **plus** (iii) 100% of net cash raised through contribution or issuance of new equity after December 31, 2011, **less** (iv) receivables from affiliates.

(b) A Fixed Charge Coverage Ratio of not less than 2.50 to 1.00. (The Fixed Charge Coverage Ratio means, at the end of any fiscal quarter, the ratio of (a) the sum of (i) Consolidated EBITDA **plus** (ii) Consolidated Rental Expense, both calculated for the period of four consecutive fiscal quarters then ended to (b) the sum of (i) Consolidated Interest Expense **plus** (ii) Consolidated Rental Expense, both calculated for such period.)

(c) A ratio of Funded Debt as of the end of any fiscal year of the Company to Consolidated EBIDTA, for the period of four consecutive fiscal quarters of the Company ending with and including such fiscal quarter, not greater than 2.75 to 1.00.

The foregoing covenants will be tested quarterly.

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 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 regarding any licenses or agreements regarding the business of the Consolidated Company and which could have a Materially 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 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.

ARTICLE VIII

NEGATIVE COVENANTS

So long as the Revolving Loan Commitment remains in effect hereunder or either of the Revolving Note or the Term 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 $20,000,000.

(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 $1,000,000 and in the aggregate at any time the amount of $2,000,000 (excluding Intercompany Loans listed on **Schedule 6.22**)

(f) Any Intercompany Loans with Decus Holding (UK), Limited (UK), a London based company provided that the amount of such loans may not at any one time exceed the principal amount of $10,000,000.

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

(h) Unsecured Indebtedness without any limitation of amount provided that the maturity of said Indebtedness is longer than the maturity of the Facility;

(i) Unsecured Indebtedness due under the 2004 Note Offering not to exceed at any time the aggregate principal amount of $200,000,000 and unsecured Indebtedness due under the 2006 Note Offering not to exceed at any time the aggregate principal amount of $200,000,000;

(j) Guaranteed Indebtedness of the Company for Insurance Company Payables;

(k) Guarantee of operating leases of Subsidiaries entered into by the Subsidiary in the normal and ordinary course of business, including operating leases for places of business and for equipment used in or in connection with that business; and

(l) Indebtedness (including any refinancings thereof) up to $100,000,000 of principal incurred by the Company for the purpose of the Arrowhead Acquisition and, with respect to which, said indebtedness has payment terms comparable to those of the Term Loan, unless otherwise agreed to by the Lender in its discretion, and, further, the holder of said other indebtedness enters into an inter-creditor agreement with the Lender on terms acceptable to both parties.

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

(a) Liens existing on the date hereof and disclosed on **Schedule 8.2**, 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 $20,000,000;

(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 sales of the Capital Stock of Subsidiaries) between any of the Consolidated Companies, and (c) other asset sales (including sales of the Capital Stock of Subsidiaries) 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 the greater of $20,000,000 or 10% of Consolidated EBITDA at that time.

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 shall not apply to (a) 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**, **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, **provided**, **however**, nothing in this **Section 8.5(b)** shall be deemed to authorize an investment in any entity that is not a Subsidiary prior to such investment;

(c) 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;

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

(e) Time deposits maturing within one 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, including without limitation, any such deposits in Eurodollars issued by a foreign branch of any such bank or trust company;

(f) Investments made by Plans;

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

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

(i) 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.

(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. Make any payment in violation of the subordination provisions of any Subordinated Debt.

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 **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, except in each case any consensual encumbrance or restriction existing under the Credit Documents, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** or **Section 8.1(l)** hereof.

Section 8.12 **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 8.13 **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 8.14 **Change of Control.** Allow or suffer to occur any change of control of the Borrower in violation of **Section 9.10**.

Section 8.15 **No Issuance of Capital Stock.** Without the prior written consent of the Lender permit any Subsidiary to issue any additional Capital Stock.

Section 8.16 **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; and

(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

(c) 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 8.17 **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**, or **8.1** through **8.17**;

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 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 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 in the aggregate, or any other event shall occur in respect of Indebtedness exceeding $1,000,000 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 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 limit.

Section 9.10 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 9.10** 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 9.11 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 9.12 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 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 9.13 Default Under Subordinated Loan Documents. An Event of Default occurs and is continuing under any Subordinated Debt;

Section 9.14 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 terminated, whereupon the Commitment 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

MISCELLANEOUS

Section 10.1 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 10.2 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, affect the rights or duties of the Lender under this Agreement or under any other Credit Document.

Section 10.3 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 10.4 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 the Lender;

(b) subject, in the case of certain Taxes, to the applicable provisions of **Section 4.7(a)**, 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 10.4** 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 10.5 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 10.6 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.

(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 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(a)** 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, such Lender shall assign, without recourse and without representations and warranties, all of its rights and obligations under this Agreement and the other Credit Documents to another lender 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 10.7 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 10.8 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 10.9 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 10.10 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 10.1**.

(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(a)**, **4.10**, **4.11**, **4.12**, and **4.13** hereof shall survive for ninety (90) days after the earlier of payment in full of the Notes or 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 10.11 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 10.12 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 10.13 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 10.14 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 10.15 Time is of the Essence. Time is of the essence in interpreting and performing this Agreement and all other Credit Documents.

Section 10.16 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 10.17 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 10.18 No Incorporation into Notes. This Agreement is expressly not incorporated by reference into the Notes.

Section 10.19 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 10.20 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.

ARTICLE XI

AMENDING AND RESTATING INITIAL LOAN AGREEMENT

This Agreement amends and restates in its entirety the Initial Loan Agreement and, accordingly, it is this Agreement which will determine the relationship between the parties in connection with the credit facilities described herein.

Signature Page Follows

SIGNATURE PAGE TO REVOLVING LOAN AGREEMENT

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:

BROWN & BROWN, INC.

By: ______________________________
Cory T. Walker, Senior Vice President, Treasurer
and Chief Financial Officer

Address for Notices:

220 South Ridgewood Avenue
Daytona Beach, Florida 23115-2412
Attention: Cory T. Walker
Telephone No.: (386) 239-7250
Telecopy No.: (386) 239-7252

With a copy to:

Laurel L. Grammig
Chief Corporate Counsel
BROWN & BROWN, INC.
401 East Jackson Street
Suite 1700
Tampa, Florida 33602
Telephone No.: (813) 222-4277
Telecopy No.: (813) 222-4464

Confirm Proper Parties Signing and Address for Notices.

LENDER:

SUNTRUST BANK

By: ______________________________
Shawn Wilson, Vice President

Address for Notices:

SunTrust Bank
Mail Code FL-Orl-2053
200 South Orange Avenue
5th Floor
Orlando, FL 32801
Attention: Shawn Wilson
Telephone: (407) 237-4721
Telecopy: (407) 237-4076

Schedule 6.1

ORGANIZATION AND OWNERSHIP OF SUBSIDIARIES

Subsidiaries of the Company and Ownership of Subsidiary Stock

One hundred percent (100%) of the outstanding shares of Capital Stock of each direct subsidiary (that is, those companies listed without any symbol preceding them) are owned by Brown & Brown, Inc.

- = indirect subsidiary, whose outstanding shares of Capital Stock (or, in the case of companies identified as limited liability companies, membership interests) are owned 100% by the direct subsidiary (company listed without any symbol preceding its name) listed above the name of such indirect subsidiary
- = indirect subsidiary whose outstanding shares of Capital Stock are owned 100% by the indirect subsidiary (company with • symbol preceding its name) listed above the name of such indirect subsidiary

Acumen Re Management Corporation (DE)

Advocator Group Holding Company, Inc. (FL)

- AG Insurance Services, LLC (FL)
- Brown & Brown of Massachusetts, LLC (MA)
- The Advocator Group, LLC (FL)

AFC Insurance, Inc. (PA)

Allocation Services, Inc. (FL)

American Specialty Insurance & Risk Services, Inc. (IN)

Apex Insurance Agency, Inc. (VA)

Azure International Holding Co. (DE)

B&B Protector Plans, Inc. f/k/a Underwriters Services, Inc. (FL)

B&B TN Holding Company (DE)

- Brown & Brown of Tennessee, Inc. (TN)

Braishfield Associates, Inc. (FL)

- Braishfield Associates of New York, Inc. (NY)

Brown & Brown Agency of Insurance Professionals, Inc. (OK)

- Graham-Rogers, Inc. (OK)

Brown & Brown Disaster Relief Foundation (FL non-profit)

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

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

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

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

Brown & Brown Insurance of Nevada, Inc. (NV)

Brown & Brown Insurance Services of California, Inc. f/k/a Brown & Brown of Northern California, Inc. (CA)

- Brown & Brown Insurance Brokers of Sacramento, Inc. (CA)

Brown & Brown Lone Star Insurance Services, Inc. f/k/a Brown & Brown Insurance Services of San Antonio, Inc. (TX)

Brown & Brown Metro, Inc. (NJ)

Brown & Brown of Arkansas, Inc. (AR)

Brown & Brown of Bartlesville, Inc. (OK)

Brown & Brown of Central Michigan, Inc. (MI)

Brown & Brown of Central Oklahoma, Inc. (OK)

Brown & Brown of Colorado, Inc. (CO)

Brown & Brown of Connecticut, Inc. (CT)

Brown & Brown of Delaware, Inc. (DE)

Brown & Brown of Detroit, Inc. f/k/a Alcos, Inc. (MI)

Brown & Brown of Florida, Inc. f/k/a & B Insurance Services, Inc. (FL)

- Axiom Re, Inc. (FL)

- Brown & Brown of Garden City, Inc. f/k/a Ernest Smith Insurance Agency, Inc. (FL)
- Halcyon Underwriters, Inc. (FL)
- MacDuff Underwriters, Inc. (FL)
  - MacDuff America, Inc. (FL)

Brown & Brown of Illinois, Inc. (IL)

Brown & Brown of Iowa, Inc. (IA)

Brown & Brown of Kentucky, Inc. (KY)

Brown & Brown of Louisiana, Inc. (LA)

Brown & Brown of Michigan, Inc. (MI)

Brown & Brown of Minnesota, Inc. (MN)

Brown & Brown of Missouri, Inc. (MO)

Brown & Brown of New Hampshire, Inc. (NH)

Brown & Brown of New Jersey, Inc. (NJ)

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

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

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

Brown & Brown of Northern California, Inc. (CA)

Brown & Brown of Northern Illinois, Inc. f/k/a John Manner Insurance Agency, Inc. (DE)

Brown & Brown of Ohio, Inc. (OH)

- Brown & Brown of Indiana, Inc. (IN)
  - Brown & Brown of Southwest Indiana, Inc. (IN)

Brown & Brown of Pennsylvania, Inc. (PA)

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

Brown & Brown of the West, Inc. f/k/a CITA Insurance Brokers, Inc. (CA)

Brown & Brown of Washington, Inc. (WA)

- International E&S Insurance Brokers, Inc. f/k/a Azure VI Merger Co. (CA)

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

Brown & Brown of Wisconsin, Inc. (WI)

Brown & Brown Program Insurance Services of California, Inc. (CA)

Brown & Brown Realty Co. (DE)

CC Acquisition Corp. (FL)

Colonial Claims Corporation (FL)

Conduit Insurance Managers, Inc. (TX)

ECC Insurance Brokers, Inc. (IL)

ELOHSSA, Inc. (DE)

Energy & Marine Underwriters, Inc. (LA)

Healthcare Insurance Professionals, Inc. (TX)

Hull & Company, Inc. (FL)

- Hull & Company of New York, Inc. (NY)

Industry Consulting Group, Inc. f/k/a ICG Acquisition Corp. (FL)

Lancer Claims Services, Inc. (NV)

Madoline Corporation (FL)

- Florida Intracoastal Underwriters, Limited Co. (FL)

Monarch Management Corporation (KS)

Pacific Merger Corp. (DE)

Payease Financial, Inc. (OK)

Peachtree Special Risk Brokers, LLC (GA)

- Peachtree Special Risk Brokers of New York, LLC (NY)

Preferred Governmental Claim Solutions, Inc. (FL)

Proctor Financial, Inc. (MI)

Program Management Services, Inc. (FL)

Public Risk Underwriters, Inc. (F)

- Public Risk Underwriters Insurance Services of Texas, LLC (TX)
- Public Risk Underwriters of Florida, Inc. (FL)

- Public Risk Underwriters of Georgia, Inc. (GA)
- Public Risk Underwriters of Illinois, LLC (IL)
- Public Risk Underwriters of Indiana, Inc. (IN)
- Public Risk Underwriters of New Jersey, Inc. (NJ)
- Public Risk Underwriters of the Northwest, Inc. (WA)

Risk Management Associates, Inc. (FL)

Title Pac, Inc. (OK)

Schedule 6.4

TAX FILINGS AND PAYMENTS

-NONE-

Schedule 6.5

CERTAIN PENDING AND THREATENED LITIGATION

The Borrower is involved in numerous pending or threatened proceedings by or against Brown & Brown, Inc. or one or more of its subsidiaries that arise in the ordinary course of business. The damages that may be claimed against the Borrower in these various proceedings are in some cases substantial, including in many instances claims for punitive or extraordinary damages. Some of these claims and lawsuits have been resolved, others are in the process of being resolved and others are still in the investigation or discovery phase. The Borrower will continue to respond appropriately to these claims and lawsuits and to vigorously protect its interests.

Although the ultimate outcome of such matters cannot be ascertained and liabilities in indeterminate amounts may be imposed on Brown & Brown, Inc. or its subsidiaries, on the basis of present information, availability of insurance and legal advice, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the Borrower's consolidated financial position. However, as (i) one or more of the Borrower's insurance companies could take the position that portions of these claims are not covered by the Borrower's insurance, (ii) to the extent that payments are made to resolve claims and lawsuits, applicable insurance policy limits are eroded, and (iii) the claims and lawsuits relating to these matters are continuing to develop, it is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavorable resolutions of these matters.

Schedule 6.7

LIENS ON BORROWER ASSETS

-NONE-

NOTE: The foregoing constitutes as of the date of this Agreement any existing liens to the best knowledge of the Borrower. The Borrower within 30 days of the date of the Agreement will supplement this Schedule so as to be in final form.

Schedule 6.11

EMPLOYEE BENEFIT MATTERS

-NONE-

Schedule 6.13

OUTSTANDING DEBT AND DEFAULTS

Brown & Brown, Inc.
Long Term Debt Schedule - Lead Schedule
30-Nov-11

29-Dec-11

Branch	Date of Note	Creditor	Balance 11/30/11
Long-Term Credit Agreement:			
Corporate	06/28/04	SunTrust LOC	-
Corporate	07/15/04	Variable Annuity - Series B - (RB-1)	32,500,000.00
Corporate	07/15/04	US Life - Series B - (RB-2)	7,500,000.00
Corporate	07/15/04	American Int'l Life - Series B - (RB-3)	5,000,000.00
Corporate	07/15/04	AIG Life - Series B - (RB-4)	5,000,000.00
Corporate	07/15/04	New York Life - Series B - (RB-5)	9,500,000.00
Corporate	07/15/04	New York Life 2 - Series B - (RB-6)	5,000,000.00
Corporate	07/15/04	New York Life 3 - Series B - (RB-7)	500,000.00
Corporate	07/15/04	Prudential - Series B - (RB-8)	10,500,000.00
Corporate	07/15/04	Hare & Co. - Series B - (RB-9)	3,850,000.00
Corporate	07/15/04	American Bankers - Series B - (RB-10)	2,000,000.00
Corporate	07/15/04	American Memorial - Series B - (RB-11)	2,000,000.00
Corporate	07/15/04	Fortis Insurance - Series B - (RB-12)	1,150,000.00
Corporate	07/15/04	John Alden Life - Series B - (RB-13)	1,500,000.00
Corporate	07/15/04	Phoenix Life - Series B - (RB-14)	4,000,000.00
Corporate	07/15/04	PHL - Series B - (RB-15)	500,000.00
Corporate	07/15/04	PHL 2 - Series B - (RB-16)	1,500,000.00
Corporate	07/15/04	Life Ins. Of the SW - Series B - (RB-17)	6,000,000.00
Corporate	07/15/04	Assurity Life Insurance Company - Series B - (RB-18)	2,000,000.00
Corporate	12/22/06	Prudential Managed - Series C - (RC-1)	11,300,000.00
Corporate	12/22/06	PRIAC - Series C - (RC-2)	12,500,000.00
Corporate	12/22/06	Prudential - Series C - (RC-3)	1,200,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-1)	12,500,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-2)	9,250,000.00
Corporate	02/01/08	How & Co. Series D - (RD-3)	3,250,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-1)	82,655,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-2)	3,250,000.00
Corporate	09/15/11	Prudential Retirement Insurance and Annuity Company - Series E - (RE-3)	4,320,000.00
Corporate	09/15/11	Prudential Retirement Guaranteed Cost Business Trust - Series E - (RE-4)	3,100,000.00
Corporate	09/15/11	Pruco Life Insurance Company of New Jersey - Series E - (RE-5)	3,675,000.00
Corporate	09/15/11	MTL Insurance Company - Series E - (RE-6)	3,000,000.00
Sub-Total			**$ 250,000,000.00**
Acquisitions:			
Atlanta	07/02/10	Eberhart & Company Insurors, Inc.	66,666.67
Plymouth Meeting	10/01/10	Greystone Benefits (Daniel McCormick)	168,197.99
Syracuse	12/08/10	Ladd's Agency (Indemnity Holdback)	245,964.08
Syracuse	12/08/10	Ladd's Agency (Martino Holdback)	70,000.00
Portland	01/11/11	Nies Insurance Agency, Inc.	549,507.36
Seattle-Balcos	07/11/11	Combined Insurance Services Corp.	74,600.00
Saginaw	09/01/11	Public Employee Benefits Solutions, LLC	570,000.00
Sub-Total			**$ 1,744,936.10**
Total Debt			**$ 251,744,936.10**

Schedule 6.14

CONFLICTING AGREEMENTS

-NONE-

Schedule 6.15(a)

ENVIRONMENTAL COMPLIANCE

-NONE-

Schedule 6.15(b)

ENVIRONMENTAL NOTICES

-NONE-

Schedule 6.15(c)

ENVIRONMENTAL PERMITS

-NONE-

Schedule 6.17

PATENT, TRADEMARK, LICENSE, AND OTHER INTELLECTUAL PROPERTY MATTERS

-NONE-

Schedule 6.21

LABOR AND EMPLOYMENT MATTERS

-NONE-

Schedule 6.22

INTERCOMPANY LOANS

-NONE-

Schedule 6.23

BURDENSOME RESTRICTIONS

-NONE-

Schedule 6.27(a)

PLACES OF BUSINESS

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
ARKANSAS (AR)						
124 Little Rock		2120 Riverfront Drive	Suite 200	Little Rock	AR	72202
559 Northwest Arkansas		1479 Executive Place	Suite A	Springdale	AR	72762
130 Russellville	P.O. Box 40 (zip 72811)	706 W. Main		Russellville	AR	72801
			Locations within ARKANSAS	3		
			Profit Centers within ARKANSAS	3		
ARIZONA (AZ)						
408 Big Sky Underwriters		6202 East McKellips #40		Mesa	AZ	85215
83 Phoenix	P.O. Box 2800	2800 N. Central Ave	Suite 1600	Phoenix	AZ	85002
91 Prescott	Caller Box 4560 (zip 86304)	1579 W. Gurley Street	Suite A	Prescott	AZ	86305
			Locations within ARIZONA	3		
			Profit Centers within ARIZONA	3		
CALIFORNIA (CA)						
133 CalSurance	P.O. Box 7048, (zip 92863-7048)	681 S. Parker Street	Suite 300	Orange	CA	92868-4719
552 CITA Insurance Svcs	P.O. Box 7048, (zip 92863-7048)	681 S. Parker Street	Suite 200	Orange	CA	92868-4719
584 Connect		One Kaiser Plaza	Suite 1101	Oakland	CA	94612
421 Hull-Newport Beach		1600 Dove Street	Suite 315	Newport Beach	CA	92660
423 Hull-Stockton		2389 W. March Lane	Suite 200	Stockton	CA	95207
115 Novato		9 Commercial Blvd	Suite 100	Novato	CA	94949
583 Oakland		One Kaiser Plaza	Suite 1101	Oakland	CA	94612
583 Oakland		3697 Mt. Diablo Blvd.	Suite 100	Lafayette	CA	94549
583 Oakland		3554 Round Barn Blvd.	Suite 309	Santa Rosa	CA	95403
132 Orange County	P.O. Box 6989 (zip 92863)	500 N. State College Blvd.	Suite 400	Orange	CA	92868
576 Rocklin		5750 West Oaks Boulevard	Suite 140	Rocklin	CA	95765
576 Rocklin		535 Menlo Drive	Suite B	Rocklin	CA	95765
142 Santa Barbara		1025 Chapala Street		Santa Barbara	CA	93101
142 Santa Barbara		30851 Agoura Rd.	Suite 205	Agoura Hills	CA	91301
542 Stockton		1330 W. Fremont St.		Stockton	CA	95203
541 Woodland Hills		21051 Warner Center Lane	Suite 210	Woodland Hills	CA	91367
			Locations within CALIFORNIA	14		
			Profit Centers within CALIFORNIA	12		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
COLORADO (CO)						
275 Colorado Springs		101 North Cascade	Suite 410	Colorado Springs	CO	80903
267 Denver		1660 South Albion Street	Suite 525	Denver	CO	80222
266 Ft. Collins	P.O. Box 2226 (zip 80522)	125 S. Howes, 5th Floor		Ft. Collins	CO	80521
491 Hull-Denver		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111-3257
432 Hull-Lincoln		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111
563 Protocols		1350 Independence St.		Lakewood	CO	80215
578 PSR-Denver		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111
272 Steamboat Springs	P.O. Box 775043 (zip 80477)	675 Snapdragon Way	Suite 200	Steamboat	CO	80487
			Locations within COLORADO	**6**		
			Profit Centers within COLORADO	**8**		
CONNECTICUT (CT)						
191 Axiom Re		10 Bay Street		Westport	CT	06880
102 Hartford	P.O. Box 50 (zip 06050)	55 Capital Blvd.	Suite 102	Rocky Hill	CT	06067
102 Hartford		65 Boston Post Road		Waterford	CT	06385
583 Oakland		384C Merrow Road		Tolland	CT	06084
			Locations within CONNECTICUT	**4**		
			Profit Centers within CONNECTICUT	**3**		
DELAWARE (DE)						
526 B&B Private Client Gr		200 Continental Drive	Suite 402	Newark	DE	19713
			Locations within DELAWARE	**1**		
			Profit Centers within DELAWARE	**1**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
FLORIDA (FL)						
176 Braishfield		2966 Commerce Park Drive		Orlando	FL	32819
44 Brevard		7341 Office Park Place	Suite 202A	Melbourne	FL	32940
74 Brooksville	P.O. Box 548 (zip 34605-0548)	273 North Broad Street		Brooksville	FL	34601
549 Columbia		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
549 Columbia		404 Kelly Plantation Drive	Unit 106	Destin	FL	32541
543 CPA Protector Plan		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
33 Daytona	P.O. Box 2412 (zip 32115)	220 S. Ridgewood Avenue		Daytona Beach	FL	32114-2412
5 Dental		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
404 DVUA New Jersey		780 Carillon Parkway	Suite 200	St. Petersburg	FL	33716
532 Evergreen Re		1000 SE Monterey Commons Blvd.	Suite 301	Stuart	FL	34996
94 FIU		1600 Sawgrass Corporate Parkway	Suite 200	Sunrise	FL	33323
53 Ft. Lauderdale	P.O. Box 5727 (zip 33310-5727)	1201 West Cypress Creek Road	Suite 130	Ft. Lauderdale	FL	33309-2366
45 Ft. Myers		3820 Colonial Blvd.	Suite 200	Ft. Myers	FL	33966
68 Halcyon		2600 Lake Lucien Drive	Suite 304	Maitland	FL	32751-7234
566 Homestead		1780 North Krome Avenue		Homestead	FL	33030
566 Homestead		31 Ocean Reef Drive	Suite B-201	Key Largo	FL	33037
566 Homestead		103400 Overseas Highway	Suite 238	Key Largo	FL	33037
411 Hull-Ft. Lauderdale		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
411 Hull-Ft. Lauderdale		2150 S. Andrews Avenue		Ft. Lauderdale	FL	33316
416 Hull-Jacksonville		8381 Dix Ellis Trail	Suite 100	Jacksonville	FL	32256
412 Hull-Tampa Bay		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
70 Jacksonville		10151 Deerwood Park Blvd., Bldg. 100	Suite 100	Jacksonville	FL	32256
7 Lawyers		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
72 Leesburg	P.O. Box 491636	900 N. 14th Street		Leesburg	FL	34748
69 MacDuff-Daytona		1717 North Clyde Morris Blvd	Suite 120	Daytona Beach	FL	32117-5532
50 Miami		14900 NW 79th Court	Suite 200	Miami Lakes	FL	33016
55 Monticello	P.O. Box 569 (zip 32345)	1020 W. Washington Street		Monticello	FL	32344
46 Naples		999 Vanderbilt Beach Road	Suite 507	Naples	FL	34108
43 Naples-Benefits		999 Vanderbilt Beach Road	Suite 509	Naples	FL	34108
417 Natl Risk Solutions		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
194 NuQuest		280 Wekiva Springs Rd.	Suite 3050	Longwood	FL	32779
39 Ocala		47 S.W. 17th Street		Ocala	FL	34471
6 Optometric		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
36 Orlando		2600 Lake Lucien Drive	Suite 330	Maitland	FL	32751-7234
297 Panama City		647 Luverne Ave.		Panama City	FL	32401
107 PGCS		100 Australian Ave.	Suite 200	West Palm Beach	FL	33406
107 PGCS		615 Crescent Executive Court	Suite 600	Lake Mary	FL	32746
105 Pinellas	P.O. Box 2456 (zip 33757-2456)	83 Park Place Blvd	Suite 101	Clearwater	FL	33759
179 PRIA	P.O. Box 2416 (zip 32115)	220 S. Ridgewood Avenue	Suite 210	Daytona Beach	FL	32114-2416

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
FLORIDA (FL)						
8 Professional Service Plan		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
563 Protocols		10249 Old Tampa Bay Drive		San Antonio	FL	33576
101 PRSG	P.O. Box 5727	5900 N. Andrews Avenue	Suite 401	Ft. Lauderdale	FL	33309
502 PSR-Boca Raton		621 NW 53rd Street	Suite 385	Boca Raton	FL	33487
504 PSR-St. Pete		780 Carillon Parkway	Suite 200	St. Petersburg	FL	33716
48 Public Risk U/W		615 Crescent Executive Court	Suite 600	Lake Mary	FL	32746
40 Sarasota		1819 Main Street	Suite 510	Sarasota	FL	34236
418 Sigma Underwriting		4000 Hollywood Blvd.	Suite 625 South To	Hollywood	FL	33021
75 Tallahassee	P.O. Box 13769 (zip 32317-3769)	3520 Thomasville Road	Suite 500	Tallahassee	FL	32309
13 Tampa	P.O. Box 15519 (zip 33684)	3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
67 USIS		140 Alexandria Blvd.	Suite H	Oviedo	FL	32765
67 USIS	P.O. Box 616648 (zip 32861)	5728 Major Blvd.	Suite 450	Orlando	FL	32819
574 Vero Beach		2911 Cardinal Drive		Vero Beach	FL	32963
54 West Palm Beach		1401 Forum Way	Suite 400	West Palm Beach	FL	33401-2324
			Locations within FLORIDA	**40**		
			Profit Centers within FLORIDA	**47**		
GEORGIA (GA)						
85 Atlanta		3483 Satellite Blvd.	Suite 100	Duluth	GA	30096
532 Evergreen Re		1950 Drummond Pond Rd		Alpharetta	GA	30004
482 Hull-North Carolina		2405 Kennedy Lane		Marietta	GA	30060
168 Marietta		1234 Powers Ferry Road SE	Suite 102	Marietta	GA	30067-5486
148 Norcross		4725 Peachtree Corners Circle	Suite 370	Norcross	GA	30092
148 Norcross		4730 Hammond Industrial Dr.	Suite 100	Cummings	GA	30041
501 PSR-Atlanta		3525 Piedmont Road NE	Suite 415	Atlanta	GA	30305
47 PSR-Stockbridge		303 Corporate Center Drive	Suite 300A	Stockbridge	GA	30281
87 Rome, GA		901 N. Broad Street	Suite 200	Rome	GA	30161
67 USIS		Nine Dunwoody Park	Suite 106	Atlanta	GA	30338
			Locations within GEORGIA	**10**		
			Profit Centers within GEORGIA	**9**		
HAWAII (HI)						
471 Hull-Hawaii		3375 Koapka Street	Suite D136	Honolulu	HI	96819
			Locations within HAWAII	**1**		
			Profit Centers within HAWAII	**1**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
ILLINOIS (IL)						
198 APEX		111 West Jackson Blvd.	Suite 1502	Chicago	IL	60604
191 Axiom Re		941 North Plum Grove Rd	Suite B	Schaumburg	IL	60173
175 ECC Ins. Brokers		1211 W. 22nd Street	Suite 512	Oak Brook	IL	60523
195 Ideal		100 West 22nd Street	Suite 115	Lombard	IL	60148
129 Joliet		220 N. Larkin Ave.		Joliet	IL	60435
184 Lisle		2300 Cabot Drive	Suite 100	Lisle	IL	60532
579 PSR-Chicago		1211 W. 22nd Street	Suite 512	Oak Brook	IL	60523
			Locations within ILLINOIS	6		
			Profit Centers within ILLINOIS	7		
INDIANA (IN)						
173 American Specialty	P.O. Box 309	142 North Main Street		Roanoke	IN	46783-0309
186 Downey	P.O. Box 1247	302 South Reed Road		Kokomo	IN	46901
62 Indianapolis		1832 South Plate St.		Kokomo	IN	46902
62 Indianapolis		507 N. Main St.	Suite D	Kokomo	IN	46901
62 Indianapolis		11555 N. Meridian Street	Suite 220	Carmel	IN	46032
62 Indianapolis		414 West High St.		Elkhart	IN	46516
155 Owensboro		8788 Ruffian Lane		Newburgh	IN	47630
			Locations within INDIANA	7		
			Profit Centers within INDIANA	4		
KANSAS (KS)						
196 Monarch Mgmt. Corp.		1240 S. W. Oakley		Topeka	KS	66604-1637
			Locations within KANSAS	1		
			Profit Centers within KANSAS	1		
KENTUCKY (KY)						
549 Columbia		724 N. Main Street		Franklin	KY	42135
549 Columbia		132 Public Square		Columbia	KY	42728
516 Lexington		1019 Majestic Drive	Suite 310	Lexington	KY	40513
529 Louisville		13101 Magisterial Drive	Suite 200	Louisville	KY	40223
155 Owensboro	P.O. Box 1627	1925 Frederica Street		Owensboro	KY	42302
			Locations within KENTUCKY	5		
			Profit Centers within KENTUCKY	4		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
LOUISIANA (LA)						
561 Alexandria	PO Box 5545 (zip 71307-5545)	4615 Parliament Street	Suite 200	Alexandria	LA	71303
561 Alexandria		1131 Pithon Street		Lake Charles	LA	70601
110 Baton Rouge		7444 Picardy Avenue		Baton Rouge	LA	70808
464 Hull-Louisiana		3850 N. Causeway Blvd.	Suite 710	Metairie	LA	70002
88 Lafayette	P.O. Box 81248 (zip 70598)	102 Asma Blvd.	Suite 300	Lafayette	LA	70508
88 Lafayette	P.O. Box 398	1111 Crescent Ave.		Lockport	LA	70374
528 New Orleans		1555 Poydras Street	Suite 1700	New Orleans	LA	70112
528 New Orleans		3840 Highway 22		Mandeville	LA	70471
563 Protocols		218 Rue Chardonnay		Abita Springs	LA	70420
156 PSR-Louisiana		3850 N. Causeway Blvd.	Suite 710	Metairie	LA	70002
			Locations within LOUISIANA	**9**		
			Profit Centers within LOUISIANA	**7**		
MASSACHUSETTS (MA)						
565 Advocator Group		101 Edgewater Drive	Suite 260	Wakefield	MA	01880
532 Evergreen Re		181 Wells Ave.		Newton	MA	02459
169 Merrimack	P.O. Box 1497	3 Hollis Street		Pepperell	MA	01463
572 Newton		181 Wells Ave.		Newton	MA	02459
572 Newton		1 Constitution Center		Charlestown	MA	02129
			Locations within MASSACHUSETTS	**4**		
			Profit Centers within MASSACHUSETTS	**4**		
MICHIGAN (MI)						
535 Fenton		1190 Torrey Road		Fenton	MI	48430-3326
166 Proctor		200 Kirts Blvd.	Suite 100	Troy	MI	48084
577 Saginaw		1605 Concentric Boulevard	Suite 1	Saginaw	MI	48604
511 Sterling Heights	P.O. Box 8029	35735 Mound Road		Sterling Heights	MI	48311-8029
			Locations within MICHIGAN	**4**		
			Profit Centers within MICHIGAN	**4**		
MINNESOTA (MN)						
532 Evergreen Re		7401 Metro Blvd.	Suite 505	Edina	MN	55439
174 Minneapolis-Mankato		7301 Ohms Lane	Suite 210	Edina	MN	55439-2369
174 Minneapolis-Mankato		530 West Pleasant Street	Suite 100	Mankato	MN	56001-2369
			Locations within MINNESOTA	**3**		
			Profit Centers within MINNESOTA	**2**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
MISSOURI (MO)						
77 Parcel Insurance Plan	P.O. Box 66708	9666 Olive Blvd.	Suite 200	Olivette	MO	63132
			Locations within MISSOURI	**1**		
			Profit Centers within MISSOURI	**1**		
MONTANA (MT)						
408 Big Sky Underwriters		940 Jensen Road		Columbia Falls	MT	59912
408 Big Sky Underwriters		2432 Kemp Street	Suite A	Missoula	MT	59801-7568
408 Big Sky Underwriters		1315 4th Avenue East		Kalispell	MT	59901
			Locations within MONTANA	**3**		
			Profit Centers within MONTANA	**1**		
NORTH CAROLINA (NC)						
191 Axiom Re		940 Golf House Road West		Whitsett	NC	27377
482 Hull-North Carolina		14120 Ballantyne Corporate Place	Suite 525	Charlotte	NC	28277
503 PSR-Charlotte		14120 Ballantyne Corporate Place	Suite 525	Charlotte	NC	28277
210 Rochester		940 Golf House Road West		Whitsett	NC	27377
			Locations within NORTH CAROLINA	**2**		
			Profit Centers within NORTH CAROLINA	**4**		
NEW HAMPSHIRE (NH)						
169 Merrimack	P.O. Box 979	93 Washington St.		Dover	NH	03820
169 Merrimack	P.O. Box 1510	309 Daniel Webster Highway		Merrimack	NH	03054
563 Protocols		141 Fairmount Avenue		Manchester	NH	03104
			Locations within NEW HAMPSHIRE	**3**		
			Profit Centers within NEW HAMPSHIRE	**2**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEW JERSEY (NJ)						
145 Acumen RE		307 Fellowship Road	Suite 314	Mt. Laurel	NJ	08054
513 Benefit Advisors		1129 Broad Street	Suite 7	Shrewsbury	NJ	07702
513 Benefit Advisors		80 Lambert Lane	Suite 140	Lambertville	NJ	08530
513 Benefit Advisors		711 East Main Street		Morestown	NJ	08057
513 Benefit Advisors		7 Regent Street		Livingston	NJ	07039
513 Benefit Advisors		430 Mountain Ave.		Murray Hill	NJ	07974
404 DVUA New Jersey		30A Vreeland Road		Florham Park	NJ	07932
188 Florham Park - Benefits	P.O. Box 678	30A Vreeland Rd.		Florham Park	NJ	07932
163 Florham Park - P&C	P.O. Box 679	30A Vreeland Rd.		Florham Park	NJ	07932
160 Marmora		1314 S. Shore Road		Marmora	NJ	08223
160 Marmora		206 W. High Street		Glassboro	NJ	08028
553 Mt Laurel		1433 Hooper Ave.		Toms River	NJ	08753-2200
553 Mt Laurel		1000 Bishops Gate Blvd	Suite 100	Mt. Laurel	NJ	08054
161 Philadelphia		1000 Bishops Gate Blvd		Mt. Laurel	NJ	08054
189 PRNJ	P.O. Box 678	30A Vreeland Rd.		Florham Park	NJ	07932
501 PSR-Atlanta		30A Vreeland Road	Suite 200	Florham Park	NJ	07932
			Locations within NEW JERSEY	**12**		
			Profit Centers within NEW JERSEY	**10**		
NEW MEXICO (NM)						
63 Albuquerque	P.O. Box 20550 (zip 87154-0550)	5200 Eubank Blvd NE	Suite C3	Albuquerque	NM	87111
63 Albuquerque	P.O. Box 20550 (zip 87154-0550)	409 California Street		Socorro	NM	87801
64 Taos	P.O. Box 857 (zip 87571)	2019 Galisteo St.	N10, Unit D	Santa Fe	NM	87605
64 Taos	P.O. Box 857 (zip 87571)	627 Paseo del Pueblo Sur		Taos	NM	87571
			Locations within NEW MEXICO	**4**		
			Profit Centers within NEW MEXICO	**2**		
NEVADA (NV)						
96 Las Vegas		975 Kelly Johnson Drive	Suite 100	Las Vegas	NV	89119
			Locations within NEVADA	**1**		
			Profit Centers within NEVADA	**1**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEW YORK (NY)						
211 Buffalo		200 John James Audubon Parkway	Suite 301	Amherst	NY	14228
573 Farmingdale		814 Fulton Street		Farmingdale	NY	11735
514 Garden City		595 Stewart Avenue	Suite 600	Garden City	NY	11530-4735
556 IWA		761 Koehler Ave.	Suite 100	Ronkonkoma	NY	11779-7407
212 Jamestown	P.O. Box 1239	415 West 4th Street		Jamestown	NY	14702-1239
567 Manhattan		10 East 40th Street	Suite 3105	New York City	NY	10016
210 Rochester		45 East Avenue		Rochester	NY	14604-2286
210 Rochester		12007 E. Main Street		Wolcott	NY	14590-0220
210 Rochester		182 Main Street		Dannsville	NY	14437
258 Rome, NY	P.O. Box 231	117 West Liberty Street		Rome	NY	13440-0231
98 Syracuse		500 Plum Street	Suite 200	Syracuse	NY	13204-1480
98 Syracuse		36 Washington Avenue	Suite 1	Endicott	NY	13760-1480
98 Syracuse		39 Old Route 146	Suite 102	Clifton Park	NY	12065
524 White Plains		2500 Westchester Ave.		Purchase	NY	10577
			Locations within NEW YORK	**14**		
			Profit Centers within NEW YORK	**10**		
OHIO (OH)						
61 Toledo		360 Three Meadows Drive		Perrysburg	OH	43551
			Locations within OHIO	**1**		
			Profit Centers within OHIO	**1**		
OKLAHOMA (OK)						
121 Bartlesville	P.O. Box 1628 (74005)	501 East Frank Phillips Blvd.		Bartlesville	OK	74003
143 Oklahoma City	P.O. Box 16340 (zip 3113)	710 Cedar Lake Blvd.	Suite 110	Oklahoma City	OK	73114
103 Pryor	P.O. Box 1320	208 N. Mill		Pryor	OK	74362
533 Tecumseh		120 S. Broadway		Tecumseh	OK	74873
165 TitlePac	P.O. Box 857 (zip 74402)	201 Eastpoint Drive		Muskogee	OK	74403
			Locations within OKLAHOMA	**5**		
			Profit Centers within OKLAHOMA	**5**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
OREGON (OR)						
198 APEX		411 East 3rd Ave.	Suite 300	Eugene	OR	97401
407 Hull-Portland		6443 SW Beaverton-Hillsdale Hwy	Suite 350	Portland	OR	97221
547 Portland	P.O. Box 29018 (zip 97296-9018)	2701 NW Vaughn St.	Suite 340	Portland	OR	97210
			Locations within OREGON	**3**		
			Profit Centers within OREGON	**3**		
PENNSYLVANIA (PA)						
111 AFC		3101 Emrick Blvd.	Suite 318	Bethlehem	PA	18020
198 APEX		2 Walnut Grove Drive	Suite 210	Horsham	PA	19044
183 B&B Healthcare		2005 Market Street	Suite 3510	Philadelphia	PA	19103
149 Bethlehem	P.O. Box 25001, Lehigh Valley (zip	3001 Emrick Blvd.	Suite 120	Bethlehem	PA	18020
406 DVUA West Virginia		One Forestwood Drive	Suite 201	Pittsburg	PA	15237
532 Evergreen Re		450 S. Gravers Road	Suite 200	Plymouth Meeting	PA	19462
401 Hull-Horsham		2 Walnut Grove Drive	Suite 210	Horsham	PA	19044
70 Jacksonville		2123 Johns Ridge Rd		Coraopolis	PA	15108
161 Philadelphia		2005 Market Street	Suite 3510	Philadelphia	PA	19103
562 Philadelphia-Brokerage		2005 Market Street	Suite 3510	Philadelphia	PA	19103
546 Plymouth Meeting		600 Wilson Lane	Suite 200	Mechanicsburg	PA	17055
546 Plymouth Meeting		450 S. Gravers Rd.	Suite 200	Plymouth Meeting	PA	19462
563 Protocols		1529 Sheepford Rd.		Mechanicsburg	PA	17055
			Locations within PENNSYLVANIA	**10**		
			Profit Centers within PENNSYLVANIA	**12**		
SOUTH CAROLINA (SC)						
285 Charleston	P.O. Box 62588 (zip 29419)	7515 Northside Drive	Suite 150	Charleston	SC	29420
288 Greenville	P.O. Box 16837	10 Falcon Crest Drive	Suite 100	Greenville	SC	29607
287 Spartanburg	P.O. Box 5139	103 N. Pine Street	Suite A	Spartanburg	SC	29302-5139
			Locations within SOUTH CAROLINA	**3**		
			Profit Centers within SOUTH CAROLINA	**3**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
TENNESSEE (TN)						
532 Evergreen Re		1119 Oak Creek Drive		Nolensville	TN	37135
575 Nashville		4990 Poplar, 3rd Floor		Memphis	TN	38117
575 Nashville		565 Marriott Drive	Suite 500	Nashville	TN	37214
575 Nashville		701 Market Street	Suite 500	Chattanooga	TN	37402
			Locations within TENNESSEE	**4**		
			Profit Centers within TENNESSEE	**2**		
TEXAS (TX)						
198 APEX		404 East Ramsey Rd.	Suite 114	San Antonio	TX	78216
167 Austin		11149 Research Blvd		Austin	TX	78759
191 Axiom Re		2301 N. Greenville Ave.	Suite 230	Richardson	TX	75082
515 Combined	PO Box 819045, Dallas TX 75381-	14785 Preston Rd.	Suite 350	Dallas	TX	75254-7876
172 HIP, Inc.		800 Gessner	Ste. 325	Houston	TX	77024
82 Houston		10700 North Freeway	Suite 300	Houston	TX	77037-1103
442 Hull-Texas		11777 Katy Freeway	Suite 435	Houston	TX	77079
442 Hull-Texas		12801 N. Central Expressway	Suite 1100	Dallas	TX	75243
582 ICG		2777 N. Stemmons Freeway	Suite 940	Dallas	TX	75207
582 ICG		712 8th Street, 2nd Floor		Wichita Falls	TX	76301
7 Lawyers		7407 Bluefield Drive		Dallas	TX	75248
8 Professional Service Plan		505 Tator Brown Road		Red Oak	TX	75154
8 Professional Service Plan		7557 Rambler Road	Suite 565	Dallas	TX	75231
192 PRU-Dallas		12215 La Charca		San Antonio	TX	78233
192 PRU-Dallas		101 W. Renner Road	Suite 450	Richardson	TX	75082
568 PSR-Texas		2301 N. Greenville Ave.	Suite 230	Richardson	TX	75082
144 San Antonio		135 Paseo Del Prado	Suite 31	Edinburg	TX	78230
144 San Antonio		3201 Cherry Ridge Drive	Suite D405	San Antonio	TX	78230
			Locations within TEXAS	**17**		
			Profit Centers within TEXAS	**13**		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

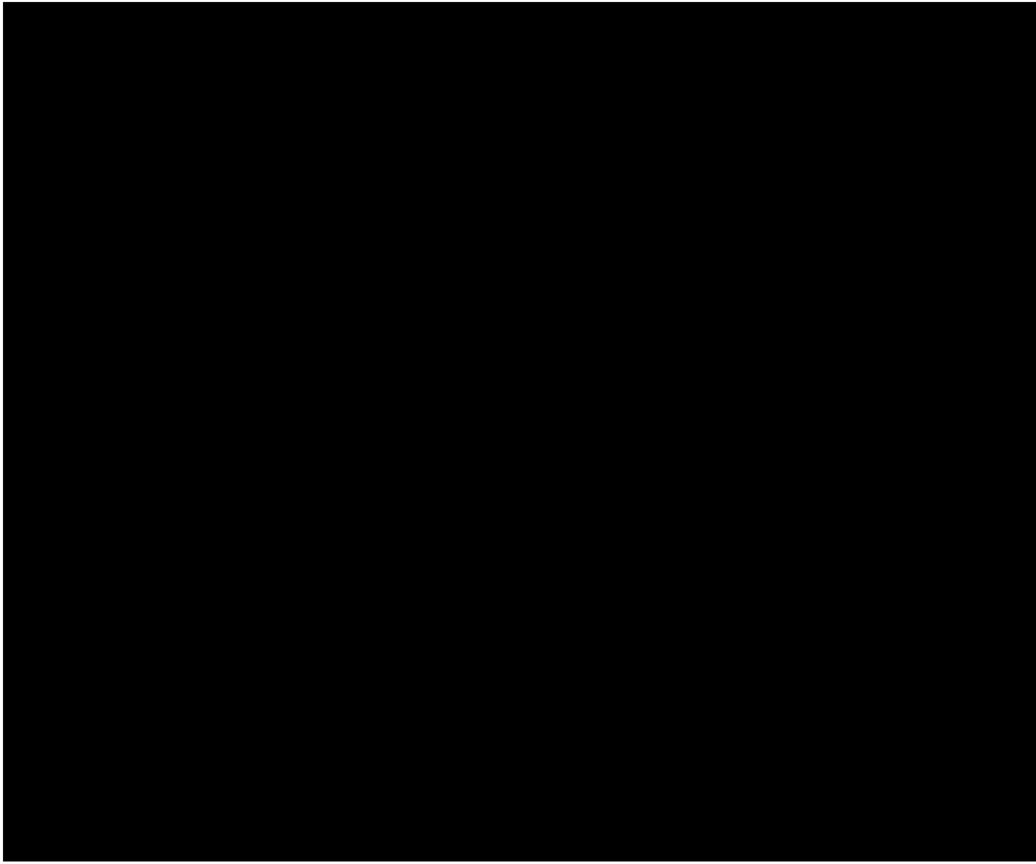
Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
VIRGINIA (VA)						
198 APEX		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
532 Evergreen Re		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
411 Hull-Ft. Lauderdale		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
80 Manassas		11220 Asset Loop	Suite 304	Manassas	VA	20110
86 Norfolk		500 E. Main Street	Suite 600	Norfolk	VA	23510
286 Richmond	P.O. Box 3070 (zip 23228)	8570 Magellan Parkway	Suite 1100	Richmond	VA	23227
			Locations within VIRGINIA	4		
			Profit Centers within VIRGINIA	6		
WASHINGTON (WA)						
152 Ephrata		1230 Berschauer Industrial		Ephrata	WA	98823
152 Ephrata		451 Diamond Drive		Ephrata	WA	98823
152 Ephrata		18106 140th Ave. NE	Suite 100	Woodinville	WA	98072-6874
407 Hull-Portland		5775 Soundview Drive	Suite 202B	Gig Harbor	WA	98335
585 Lynden - SSK		501 Judson Street		Lynden	WA	98264
585 Lynden - SSK		2115 Barkley Blvd.	Suite 201	Bellingham	WA	98226
585 Lynden - SSK		501 Front Street		Lynden	WA	98264
547 Portland		506 NE 4th Avenue		Camas	WA	98607
547 Portland		900 Washington Street	Suite 101	Vancouver	WA	98660
547 Portland		2401 W. Main Street	Suite 105	Battle Ground	WA	98604
113 Seattle		1501 Fourth Avenue	Suite 2400	Seattle	WA	98101
571 Seattle-Balcos		192 East Bakerview Road	Suite 202	Bellingham	WA	98226
571 Seattle-Balcos		8746 Mary Ave. NW	Suite 2	Seattle	WA	98117
564 Seattle-DiMartino		1501 Fourth Avenue	Suite 2400	Seattle	WA	98101
564 Seattle-DiMartino		1950 112th Avenue NE	Suite 201	Belleview	WA	98004
114 Tacoma		1145 Broadway Plaza	Suite 700	Tacoma	WA	98402-3583
			Locations within WASHINGTON	15		
			Profit Centers within WASHINGTON	8		
WISCONSIN (WI)						
251 LaCrosse	P.O. Box 1357 (zip 54601)	1131 Main Street		Onalaska	WI	54601
563 Protocols		5402 Jacob Street		Weston	WI	54476
			Locations within WISCONSIN	2		
			Profit Centers within WISCONSIN	2		

Brown & Brown, Inc.

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
WEST VIRGINIA (WV)						
406 DVUA West Virginia		3768 Teays Valley Road	Suite 200	Hurricane	WV	25526
			Locations within WEST VIRGINIA	**1**		
			Profit Centers within WEST VIRGINIA	**1**		
ENGLAND (UK)						
537 Decus Ins Brokers		NB5 Fountain House, Fenchurch St.	Ground floor North	London	UK	EC3M5DJ
			Locations within ENGLAND	**1**		
			Profit Centers within ENGLAND	**1**		

TOTAL PROFIT CENTERS: 172	**TOTAL LOCATIONS:** 227	**TOTAL STATES:**	**36**
		TOTAL FOREIGN OFFICES:	**1**



Schedule 6.27(b)

MATERIAL PLACES OF BUSINESS

This Schedule is not applicable as the Company does not have any tangible personal property which is material to the operations of the Consolidated Company. The only tangible personal property which is owned by the Borrower is generally office equipment which is not material to its business.

Schedule 8.1(b)

EXISTING INDEBTEDNESS

Brown & Brown, Inc.
Long Term Debt Schedule - Lead Schedule

29-Dec-11

30-Nov-11

Branch	Date of Note	Creditor		Balance 11/30/11
Long-Term Credit Agreement:				
Corporate	06/28/04	SunTrust LOC		-
Corporate	07/15/04	Variable Annuity - Series B - (RB-1)		32,500,000.00
Corporate	07/15/04	US Life - Series B - (RB-2)		7,500,000.00
Corporate	07/15/04	American Int'l Life - Series B - (RB-3)		5,000,000.00
Corporate	07/15/04	AIG Life - Series B - (RB-4)		5,000,000.00
Corporate	07/15/04	New York Life - Series B - (RB-5)		9,500,000.00
Corporate	07/15/04	New York Life 2 - Series B - (RB-6)		5,000,000.00
Corporate	07/15/04	New York Life 3 - Series B - (RB-7)		500,000.00
Corporate	07/15/04	Prudential - Series B - (RB-8)		10,500,000.00
Corporate	07/15/04	Hare & Co. - Series B - (RB-9)		3,850,000.00
Corporate	07/15/04	American Bankers - Series B - (RB-10)		2,000,000.00
Corporate	07/15/04	American Memorial - Series B - (RB-11)		2,000,000.00
Corporate	07/15/04	Fortis Insurance - Series B - (RB-12)		1,150,000.00
Corporate	07/15/04	John Alden Life - Series B - (RB-13)		1,500,000.00
Corporate	07/15/04	Phoenix Life - Series B - (RB-14)		4,000,000.00
Corporate	07/15/04	PHL - Series B - (RB-15)		500,000.00
Corporate	07/15/04	PHL 2 - Series B - (RB-16)		1,500,000.00
Corporate	07/15/04	Life Ins. Of the SW - Series B - (RB-17)		6,000,000.00
Corporate	07/15/04	Assurity Life Insurance Company - Series B - (RB-18)		2,000,000.00
Corporate	12/22/06	Prudential Managed - Series C - (RC-1)		11,300,000.00
Corporate	12/22/06	PRIAC - Series C - (RC-2)		12,500,000.00
Corporate	12/22/06	Prudential - Series C - (RC-3)		1,200,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-1)		12,500,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-2)		9,250,000.00
Corporate	02/01/08	How & Co. Series D - (RD-3)		3,250,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-1)		82,655,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-2)		3,250,000.00
Corporate	09/15/11	Prudential Retirement Insurance and Annuity Company - Series E - (RE-3)		4,320,000.00
Corporate	09/15/11	Prudential Retirement Guaranteed Cost Business Trust - Series E - (RE-4)		3,100,000.00
Corporate	09/15/11	Pruco Life Insurance Company of New Jersey - Series E - (RE-5)		3,675,000.00
Corporate	09/15/11	MTL Insurance Company - Series E - (RE-6)		3,000,000.00
Sub-Total			**$**	**250,000,000.00**
Acquisitions:				
Atlanta	07/02/10	Eberhart & Company Insurors, Inc.		66,666.67
Plymouth Meeting	10/01/10	Greystone Benefits (Daniel McCormick)		168,197.99
Syracuse	12/08/10	Ladd's Agency (Indemnity Holdback)		245,964.08
Syracuse	12/08/10	Ladd's Agency (Martino Holdback)		70,000.00
Portland	01/11/11	Nies Insurance Agency, Inc.		549,507.36
Seattle-Balcos	07/11/11	Combined Insurance Services Corp.		74,600.00
Saginaw	09/01/11	Public Employee Benefits Solutions, LLC		570,000.00
Sub-Total			**$**	**1,744,936.10**
Total Debt			**$**	**251,744,936.10**

Schedule 8.2

EXISTING LIENS

-NONE-

NOTE: The foregoing constitutes as of the date of this Agreement any existing liens to the best knowledge of the Borrower. The Borrower within 30 days of the date of the Agreement will supplement this Schedule so as to be in final form.

Schedule 8.5

PERMITTED INVESTMENTS

Brown & Brown, Inc.
Summary of Investments
September 30, 2011

M:\FIN\QTR\2011_03\Final\Investments\[Q3_11 Investments.xls]Summary
29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
Short-Term Investments:								
Preferred Stock (Account # 11241)								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Preferred Stock						0.00	0.00	0.00
Partnerships (Account # 11265):								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Partnerships						0.00	0.00	0.00
Bonds (Account #11245):								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Bonds						0.00	0.00	0.00
Common Stock (Account # 11270):								
Selective Insurance Group	06/01/98	Corp	SIGI/NASDAQ	Current	Available-for-Sale	2,004.98	25,000.00	26,164.99
Total Common Stock						2,004.98	25,000.00	26,164.99
Non-Marketable Securities (Account # 11271):								
Open	NA	NA	NA	NA	NA	0.00	0.00	0.00
Open	NA	NA	NA	NA	NA	0.00	0.00	0.00
Total Non-Marketable Sec.						0.00	0.00	0.00
Other Short-Term Investments (Account # 11275):								
CD- Alliance Bank (Macduff America -Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (Macduff America-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD- Alliance Bank (Madoline-Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (Madoline-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD- Alliance Bank (B&B Inc-Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (B&B Inc-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD- Alliance Bank (Program Mgt Serv-Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (Program Mgt Serv-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD - Community Bank (B&B Inc-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Community Bank (Macduff America-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Community Bank (Program Mgt Serv -Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Community Bank (Madoline-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - RCB Bank - Brown & Brown Agency of Insurance Prof (Pryor)	5/10/2011	Pryor	NA	Current	Non-Marketable	15,944.20	15,944.20	15,944.20
CD - RCB Bank - Brown & Brown Agency of Insurance Prof (Pryor) - Corp Interest	5/10/2011	Pryor	NA	Current	Non-Marketable	5.66	5.66	5.66
CD - State Bank - (B&B Inc) - LaCrosse	5/24/2011	Lacrosse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - State Bank - (B&B Of WI) - LaCrosse	5/24/2011	Lacrosse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - First Community Bank - John Manner Insurance - Joliet	8/19/2011	Joliet	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - First Community Bank - John Manner Insurance -Joliet Interest	8/19/2011	Corp	NA	Current	Non-Marketable	168.50	168.50	168.50
CD-Citizens Bank - B&B Inc-(Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - B&B Inc-(Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - Madoline - (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - Madoline-(Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - Macduff (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00

Brown & Brown, Inc.

Summary of Investments

September 30, 2011

M:\FIN\QTR\2011_03\Final\Investments\[Q3_11 Investments.xls]Summary
29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
CD-Citizens Bank - Macduff (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - (Proctor Financial)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - (Proctor Financial) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - Program Mgt Serv (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - Program Mgt Serv (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - B&B Protector Plan (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - B&B Protector Plan (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Republic Bank - B&B of KY - (Owensboro)	5/3/2011	Owensboro	NA	Current	Non-Marketable	100,000.00	100,000.00	100,000.00
CD-Republic Bank - B&B of KY (Owensboro) Corp interest	5/3/2011	Corp	NA	Current	Non-Marketable	165.48	165.48	165.48
CD-Fidelity Bank - B&B Inc. (Orlando)	6/27/2011	Orlando	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Fidelity Bank - B&B of Florida (Orlando)	6/27/2011	Orlando	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Greater Rome Bank - B&B of GA - (Rome,GA)	10/24/2010	Rome, GA	NA	Current	Non-Marketable	100,000.00	100,000.00	100,000.00
CD-Greater Rome Bank - B&B of GA - (Rome,GA) - Corp Interest	10/24/2010	Rome, GA	NA	Current	Non-Marketable	853.05	853.05	853.05
CD-Regal Bank - Madoline -(Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Madoline-(Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - B&B Inc (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - B&B Inc (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - Program Mgt Ser -(Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Program Mgt Ser-(Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - B&B Protector Plan -(Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - B&B Protector Plan - (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - Macduff - (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Macduff - (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-American Momentum Bank - B&B of Florida-(Pinellas)	6/26/2011	Pinellas	NA	Current	Non-Marketable	104,770.89	104,770.89	104,770.89
CD-American Momentum Bank - B&B of Florida-(Pinellas)-Corp Interest	6/26/2011	Corp	NA	Current	Non-Marketable	179.11	179.11	179.11
CD-American Momentum Bank - B&B of Florida-(Pinellas)	6/26/2011	Pinellas	NA	Current	Non-Marketable	104,770.89	104,770.89	104,770.89
CD-American Momentum Bank - B&B of Florida-(Pinellas)-Corp Interest	6/26/2011	Corp	NA	Current	Non-Marketable	179.11	179.11	179.11
CD-Citizens First Bank-B&B of Florida (Leesburg)	7/9/2011	Leesburg	NA	Current	Non-Marketable	248,000.00	248,000.00	248,000.00
CD-Citizens First Bank-B&B of Florida (Leesburg) - Corp Interest	7/9/2011	Corp	NA	Current	Non-Marketable	507.55	507.55	507.55
CD-United Southern Bank-B&B of Florida (Leesburg)	7/21/2011	Leesburg	NA	Current	Non-Marketable	249,277.70	249,277.70	249,277.70
CD-United Southern Bank - B&B of Florida (Leesburg)-Corp Interest	7/21/2011	Corp	NA	Current	Non-Marketable	363.67	363.67	363.67
CD-Reunion Bank-B&B of Florida (Leesburg)	4/20/2011	Leesburg	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Reunion Bank - B&B of Florida (Leesburg)-Corp Interest	4/20/2011	Corp	NA	Current	Non-Marketable	1,100.82	1,100.82	1,100.82
CD-Community Bank of Broward-B&B of Florida (Ft. Lauderdale)	3/24/2011	Ft. Lauderdale	NA	Current	Non-Marketable	256,702.85	256,702.85	256,702.85
CD-Whitney Bank-B&B of Louisiana (New Orleans)	6/10/2010	New Orleans	NA	Current	Non-Marketable	29,530.21	29,530.21	29,530.21
CD-Stockyards Bank - B&B of Kentucky (Louisville)	2/25/2011	Louisville	NA	Current	Non-Marketable	150,000.00	150,000.00	150,000.00
CD-Stockyards Bank - B&B of Kentucky (Louisville)-Corp Interest	2/25/2011	Corp	NA	Current	Non-Marketable	671.94	671.94	671.94
CD-PBI Bank - B&B of Kentucky (Louisville)	2/23/2011	Louisville	NA	Current	Non-Marketable	150,000.00	150,000.00	150,000.00

Brown & Brown, Inc.

Summary of Investments

September 30, 2011

M:\FIN\QTR\2011_03\Final\Investments\[Q3_11 Investments.xls]Summary
29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
CD-PBI Bank - B&B of Kentucky (Louisville) - Corp Interest	2/23/2011	Corp	NA	Current	Non-Marketable	1,164.66	1,164.66	1,164.66
Total Other Short-Term Investments						7,586,041.36	7,586,041.36	7,586,041.36
Total Short-Term Investments							7,611,041.36	7,612,206.35
Long-Term Investments:								
Investments (Account #12110):								
State of Israel Bond	08/15/10	Corp	NA	Non-Current	Non-Marketable	502,524.66	502,524.66	502,524.66
MacDuff Underwriters	07/17/90	Corp	NA	Non-Current	Non-Marketable	0.00	100.00	100.00
United Agents Holdings	10/04/95	Corp	NA	Non-Current	Non-Marketable	1,500.00	15,000.00	15,000.00
Total Investments						504,024.66	517,624.66	517,624.66
Total All Investments							8,128,666.02	8,129,831.01

Schedule 9.10

PERMITTED STOCKHOLDERS

-NONE-

Exhibit 10.18

PROMISSORY NOTE
(the "Note")

$50,000,000.00

New York, New York
January 9, 2012

FOR VALUE RECEIVED, Brown & Brown, Inc. (the "Borrower"), **HEREBY PROMISES TO PAY** to the order of **JPMORGAN CHASE BANK, N.A.** (the "Bank"), at its offices located at 270 Park Avenue, New York, New York 10017 or at such other place as the Bank or any holder hereof may from time to time designate, the principal sum of **FIFTY MILLION DOLLARS** ($50,000,000.00), or such lesser amount as may constitute the outstanding balance hereof, in lawful money of the United States, on the Maturity Date (as hereinafter defined) or earlier as hereinafter referred to, and to pay interest in like money at such office or place from the date hereof on the unpaid principal balance of each advance made hereunder by Bank to Borrower (each such advance, a "Loan" and collectively the "Loans") (as hereinafter defined) made hereunder at a rate equal to the CB Floating Rate (as hereinafter defined and computed on the basis of the actual number of days elapsed on the basis of a 365-day year) for such Loan, which shall be payable on the date such Loan shall be due and payable (whether at maturity, by acceleration or otherwise) and thereafter, on demand. Interest on any past due amount, whether at the due date thereof or by acceleration or upon default, shall be payable at a rate two percent (2%) per annum above the CB Floating Rate being charged on such Loan, which rate shall be computed for the actual number of days elapsed on the basis of a 365-day year and shall be adjusted as of the date of each such change, but in no event higher than the maximum permitted under applicable law.

Interest

The Bank is authorized to enter on its books and records, which may be electronic in nature, (i) the amount of each Loan made from time to time hereunder, (ii) the date on which each Loan is made, (iii) the date on which each Loan shall be due and payable to the Bank, which date shall be February 3, 2012 (the "Maturity Date"), (iv) the interest rate agreed between the Borrower and the Bank as the interest rate to be paid to the Bank on each Loan, which rate shall be the CB Floating Rate, (v) the amount of each payment made hereunder, and (vi) the outstanding principal balance of the Loans hereunder from time to time. The date, amount, rate of interest and maturity date of each Loan and payment(s) (if any) of principal, the Loan(s) to which such payment(s) will be applied (which shall be at the discretion of the Bank) and the outstanding principal balance of Loans shall be recorded by the Bank on its books and records (which may be electronic in nature) and at any time and from time to time may be, and shall be prior to any transfer and delivery of this Note, entered by the Bank on a schedule to be attached to this Note by the Bank (at the discretion of the Bank, any such entries may aggregate Loans (and payments thereon) with the same interest rate and tenor and, if made on a given date, may show only the Loans outstanding on such date). Any such entries shall be conclusive in the absence of manifest error. The failure by the Bank to make any or all such entries shall not relieve the Borrower from its obligation to pay any and all amounts due hereunder.

Prepayment

The Borrower shall have the right to prepay any Loan prior to the Maturity Date of such Loan.

Discretionary Loans by the Bank

The Bank, pursuant to a letter dated January 9, 2012, has approved an uncommitted line of credit to the Borrower in a principal amount not to exceed the face amount of this Note. **The execution and delivery of this Note and the acceptance by the Bank of this Note shall not be deemed or construed to create any contractual commitment to lend by the Bank to the Borrower.** The line of credit is in the form of advances made from time to time by the Bank in its sole and absolute discretion to the Borrower. This Note evidences the Borrower's obligations to repay those advances. The aggregate outstanding principal amount of debt evidenced by this Note is the amount so reflected from time to time in the records of the Bank. Each request for a Loan shall be made by any officer of the Borrower or any person designated in writing by any such officer, all of which are hereby designated and authorized by the Borrower to request Loans and agree to the terms thereof. The Borrower shall give the Bank notice by noon on the day of any proposed borrowing. The principal amount of each Loan shall be prepaid on the earlier to occur of the Maturity Date, or the date upon which the entire unpaid balance hereof shall otherwise become due and payable.

Additional Costs

If any applicable domestic or foreign law, treaty, government rule or regulation now or later in effect (whether or not it now applies to the Bank) or the interpretation or administration thereof by a governmental authority charged with such interpretation or administration, or compliance by the Bank with any guideline, request or directive of such an authority (whether or not having the force of law), shall (i) affect the basis of taxation of payments to the Bank of any amounts payable by the Borrower under this Note or any other agreements or instruments executed in connection herewith or any other Liabilities ("Related Documents") (other than taxes imposed on the overall net income of the Bank by the jurisdiction or by any political subdivision or taxing authority of the jurisdiction in which the Bank has its principal office), or (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, Federal Deposit Insurance Corporation deposit insurance premiums or assessments) against assets of, deposits with or for the account of, or credit extended by the Bank, or (iii) impose any other condition with respect to this Note or the other Related Documents and the result of any of the foregoing is to increase the cost to the Bank of extending, maintaining or funding any advances under this Note or to reduce the amount of any sum receivable by the Bank hereunder, or (iv) affect the amount of capital required or expected to be maintained by the Bank (or any corporation controlling the Bank) and the Bank determines that the amount of such capital is increased by or based upon the existence of the Bank's obligations under this Note or the other Related Documents and the increase has the effect of reducing the rate of return on the Bank's (or its controlling corporation's) capital as a consequence of the obligations under this Note or the other Related Documents to a level below that which the Bank (or its controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then the Borrower shall pay to the Bank, from time to time, upon request by the Bank, additional amounts sufficient to compensate the Bank for the increased cost or reduced sum receivable. Whenever the Bank shall learn of circumstances described in this section which are likely to result in additional costs to the Borrower, the Bank shall give prompt written notice to the Borrower of the basis for and the estimated amount of any such anticipated additional costs. A statement as to the amount of the increased cost or reduced sum receivable, prepared in good faith and in reasonable detail by the Bank and submitted by the Bank to the Borrower, shall be conclusive and binding for all purposes absent manifest error in computation.

Indemnity

The Borrower shall (i) indemnify and hold harmless the Bank and its affiliates and their respective officers, directors, employees, advisors, and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Note, the use of the proceeds hereunder or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any legal or other expenses incurred in connection with investigating or defending any of the foregoing, and (ii) to reimburse the Bank and its affiliates on demand for all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel) incurred in connection with this Note and any related documentation or the administration, amendment, collection, modification or waiver thereof. No indemnified person shall be liable for any special, indirect, consequential or punitive damages in connection with the Note. The Bank shall provide to the Borrower a statement, supported where applicable by documentary evidence, explaining the amount of any such loss or expense, which statement shall be conclusive absent manifest error.

Inability to Determine Interest Rate

If the Bank determines on any day that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate (as hereinafter defined) are not being provided for purposes of determining the interest rate on any Loan on any day, then each Loan shall bear interest at the Prime Rate (as hereinafter defined) until the Bank determines that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate are being provided.

Events of Default

If (i) there is any failure by the Borrower to pay any principal, interest, fees or other obligations when due under this Note (collectively, "Liabilities"), (ii) there is any other violation or failure to comply with any provision of this Note, (iii) there occurs any material adverse change in the financial condition or results of operations of the Borrower and its subsidiaries, since December 31, 2010, (iv) any litigation is pending or threatened against the Borrower or any of its subsidiaries which would reasonably be expected to result in a material adverse effect on the financial condition or results of operations of the Borrower and/or its subsidiaries, (v) there is a material default under any agreement governing indebtedness of the Borrower or any of its subsidiaries, (vi) any warranty, representation or statement of fact made by the Borrower to the Bank is false or misleading in any material respect, (vii) the Borrower shall be dissolved or shall fail to maintain its existence in good standing, or if the usual business of the Borrower shall be suspended or terminated, (viii) the Borrower merges or consolidates with any third party (other than any merger in the ordinary course of business in which the Borrower is the surviving entity), or sells or otherwise conveys a substantial part of its assets or property to a third party outside the ordinary course of business, grants liens over any substantial part of its property or agrees to do any of the foregoing, (ix) any petition (or similar document or instrument) is filed by or against the Borrower or any of its subsidiaries under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect; or (x) the Borrower or any of its subsidiaries becomes insolvent, howsoever evidenced, or subject to a general assignment for the benefit of creditors or a receiver, conservator, rehabilitator or similar officer is appointed for or on behalf of Borrower (each such event or occurrence an "Event of Default"), **then** and in any such event, in addition to all rights and remedies of the Bank under applicable law and otherwise, all such rights and remedies cumulative, not exclusive and enforceable alternatively, successively and concurrently, the Bank may, at its option, declare any and all of the amounts owing under this Note to be

due and payable, whereupon the maturity of the then unpaid balance hereof shall be accelerated and the same, together with all interest accrued hereon, shall forthwith become due and payable provided, however, that if a bankruptcy event specified above shall have occurred, all amounts owing under this Note shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower. Further, acceptance of any payments shall not waive or affect any prior demand or acceleration of amounts due hereunder, and each such payment made shall be applied first to the payment of accrued interest, then to the aggregate unpaid principal or otherwise as determined by the Bank in its sole discretion.

Definitions

A. Adjusted LIBO Rate

"Adjusted LIBO Rate" shall mean an interest rate per annum equal to the product of (i) the LIBO Rate in effect and (ii) Statutory Reserves.

B. Adjusted One Month LIBOR Rate

"Adjusted One Month LIBOR Rate" shall mean an interest rate per annum equal to the sum of (i) 1.00% per annum *plus* (ii) the Adjusted LIBO Rate for a one month period on such day (or if such day is not a Business Day, the immediately preceding Business Day); *provided* that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on the Page (as defined in E below) at approximately 11:00 a.m. London time on such day.

C. Business Day

A "Business Day" shall mean, (i) with respect to the Adjusted One Month Libor Rate, any day other than a Saturday, Sunday or other day on which the Bank is authorized or required by law or regulation to close, and which is a day on which transactions in dollar deposits are being carried on in the London interbank market and in New York City and (ii) for all other purposes, a day other than Saturday, Sunday or any other day in which national banking associations are authorized to be closed.

D. CB Floating Rate

"CB Floating Rate" shall mean the Prime Rate; provided that the CB Floating Rate shall never be less than the Adjusted One Month LIBOR Rate for a one month period on such day (or if such day is not a Business Day, the immediately preceding Business Day). Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBOR Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate, respectively.

E. LIBO Rate

"LIBO Rate" shall mean, for a one month period, the interest rate determined by the Bank by reference to Reuters Screen LIBOR01, formerly known as Page 3750 of the Moneyline Telerate Service (together with any successor or substitute, the "**Service**") or any successor or substitute page of the Service providing rate quotations comparable to those currently provided on such page of the Service, as determined by the Bank from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market (the "**Page**"), to be the rate at approximately 11:00 a.m. London time, two Business Days prior to the commencement of the applicable one month period for dollar deposits with a maturity at the end of such period. If no LIBOR Rate is available to the Bank, the applicable LIBOR Rate for the relevant one month period shall instead be the rate determined by the Bank to be the rate at which the Bank offers to place U.S. dollar deposits having a one month maturity with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such period.

F. Prime Rate

"Prime Rate" shall mean the rate of interest as is publicly announced by the Bank from time to time as its Prime Rate. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date this change is announced as being effective. **THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK'S LOWEST RATE**.

G. Statutory Reserves

"Statutory Reserves" shall mean a fraction (expressed as a decimal, the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including, without limitation, any marginal, special emergency or supplemental reserves) expressed as a decimal) established by the Board of Governors of the Federal Reserve System and any other banking authority to which the Bank is subject, with respect to the Adjusted LIBO Rate, for "Eurocurrency liabilities" as defined in Regulation D. Loans priced at the Adjusted One Month LIBOR Rate shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to the Bank under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

Set-Off

The Borrower hereby gives to the Bank a right of set-off against all moneys, securities and other property of the Borrower and the proceeds thereof, now or hereafter delivered to, remaining with or in transit in any manner to the Bank, its correspondents, affiliates (including J.P Morgan Securities Inc.) or its agents from or for the Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise or coming into possession, control or custody of the Bank in any way, and also in addition to set-off rights, a lien on and security interest in any balance of any deposit accounts and credits of the Borrower with, and any and all claims of the Borrower against the Bank at any time existing, hereby authorizing the Bank at any time or times, without prior notice, to apply such balances, credits or claims, or any part thereof, to the obligations of the Borrower under this Note in such amounts as it may select, whether contingent, unmatured or otherwise.

Miscellaneous

The Borrower hereby waives diligence, demand, presentment, protest and notice of any kind, and assents to extensions of the time of payment, release, surrender or substitution of security, or forbearance or other indulgence, without notice.

This Note may not be changed, modified or terminated orally, but only by an agreement in writing signed by the party to be charged and consented to in writing by the party hereof.

The Bank reserves the right to assign or sell participations in the Loans or the Note to any entity (including to any Federal Reserve Bank in accordance with applicable law) and to provide any assignee or participant or prospective assignee or participant with information of the Borrower previously received by the Bank, subject to confidentiality requirements. The Borrower's consent to such assignment or participation is hereby deemed granted.

The Borrower hereby authorizes the Bank and any other holder of an interest in this Note (a "Holder") to disclose confidential information relating to the financial condition or operations of the Borrower (i) to any director, officer, employee or affiliate of the Bank or any Holder, (ii) to any purchaser or prospective purchaser of an interest in any Loan, (iii) to legal counsel, accountants, and other professional advisors to the Bank or any Holder, (iv) to regulatory officials, (v) as requested or required by law, regulation, or legal process or (vi) in connection with any legal proceeding to which the Bank or any other Holder is a party.

Without limitation of the above, the Borrower is liable to the Bank for all reasonable costs and expenses of every kind incurred (or charged by internal allocation) in connection with the negotiation, preparation, execution, modification, supplementing and waiver of this Note and the Related Documents and the making, and servicing of this Note and the Related Documents and any other amounts owed under this Note and the Related Documents, including without limitation reasonable attorneys' fees and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding. In the event the Bank or any holder hereof shall refer this Note to an attorney for collection, the Borrower agrees to pay, in addition to unpaid principal and interest, all the costs and expenses incurred in attempting or effecting collection hereunder, including reasonable attorney's fees of internal or outside counsel, whether or not suit is instituted.

In the event of any litigation with respect to this Note, **THE BORROWER WAIVES THE RIGHT TO A TRIAL BY JURY** and all rights of setoff and rights to interpose counter-claims and cross-claims. The Borrower hereby irrevocably consents to the jurisdiction of the courts of the State of Florida and of any Federal court located in the Middle District of Florida, and any appellate court from any appeal thereof, in connection with any action or proceeding arising out of or relating to this Note. The execution and delivery of this Note has been authorized by the Board of Directors and by any necessary vote or consent of the shareholders of the Borrower. The Borrower hereby authorizes the Bank to complete this Note in any particulars according to the terms of the Loan evidenced hereby. This Note shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed in such State, and shall be binding upon the successors and assigns of the Borrower and inure to the benefit of the Bank, its successors, endorsees and assigns.

If any term or provision of this Note shall be held invalid, illegal or unenforceable the validity of all other terms and provisions hereof shall in no way be affected thereby.

BROWN & BROWN, INC.

By: ______________________________

Name and Title:

Exhibit 10.19

J.P.Morgan

January 9, 2012

Brown & Brown, Inc.
220 South Ridgewood Avenue
Daytona, Florida 23115-2412
Attention: Cory T. Walker, Treasurer and CFO

Ladies and Gentlemen:

JPMorgan Chase Bank, N.A (the "Bank") is pleased to advise that it is prepared to offer a line of credit to Brown & Brown, Inc., a Florida corporation (the "Company") up to the maximum amount of $50 million, for payment of a portion of the acquisition price of Arrowhead General Insurance Agency, Inc. The offering of this line of credit constitutes an agreement by the Bank to perform an ongoing credit review of the Company to enable the Bank to respond quickly to any request for credit that the Company may make. The line of credit is not a commitment and does not in any way obligate the Bank to make loans or grant any credit. Each decision to make an advance hereunder is discretionary: if the Bank decides to make one advance under this line, the Bank may still use its sole discretion to make or deny any subsequent advance under this line.

Any credit which the Bank may extend will be on such terms and conditions and will bear interest at such rate as the Bank may require at the time the Company requests an advance and must be evidenced by documents in form and substance satisfactory to the Bank.

The Bank will consider requests for advances under the line until February 3, 2012, unless this discretionary line is earlier terminated by the Company or the Bank. This line of credit is issued subject to such factors as the Bank may find relevant at the time of the request, including, without limitation, money market conditions remaining the same as at present; the Bank in its sole discretion continuing to be satisfied with the Company's financial condition and economic prospects; and the Company's maintenance of a satisfactory relationship with the Bank.

This letter is for the Company's information only and is not to be shown to or relied upon by third parties. This letter constitutes the entire understanding between the Bank and the Company with respect to the matters set forth herein and supercedes all prior discussions.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By ______________________________
Name:
Title:

Exhibit 10.20

TERM LOAN AGREEMENT

Dated as of January 26, 2012

By and Between

BROWN & BROWN, INC.

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Providing for a

$100,000,000 Term Loan Credit Facility

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TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT, dated as of January 26, 2012 (the "**Agreement**"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "**Borrower**"), and **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, a national banking association (the "**Lender**").

WITNESSETH:

WHEREAS, on January 9, 2012, the Lender made available to the Borrower an uncommitted line credit facility in an amount up to $50,000,000 (the "**Uncommitted Line Facility**"), as evidenced by that certain Promissory Note, dated January 9, 2012, by the Borrower in favor of the Lender (the "**Uncommitted Line Facility Note**"); and

WHEREAS, the Borrower desires to obtain from the Lender a term credit facility consisting of a $100,000,000 term loan (the "**Loan**"), having a maturity date of December 31, 2016, and the Lender is willing to make such Loan available upon the terms and subject to the conditions set forth herein.

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):

"2004 Note Offering" shall mean that certain transaction by which the Borrower has incurred Indebtedness up to the maximum principal amount of $200,000,000 all pursuant to the 2004 Note Purchase Agreement.

"2004 Note Purchase Agreement" shall mean that certain Note Purchase Agreement between the Borrower and the Purchasers scheduled thereto and dated July 15, 2004 by which the Borrower has issued both Series A Notes and Series B Notes, as the same may be amended or modified from time to time.

"2006 Note Offering" shall mean one or more transactions by which the Borrower has incurred or may in the future incur Indebtedness up to the maximum principal amount of $200,000,000, all pursuant to the 2006 Note Purchase Agreement.

"2006 Note Purchase Agreement" shall mean that certain Note Purchase Agreement between the Borrower and the Purchasers party thereto and dated December 22, 2006 by which the Borrower has issued Series C Notes, Series D Notes, and Series E Notes (as defined therein) and pursuant to which the Borrower may issue from time to time Fixed Rate Shelf Notes and Floating Rate Shelf Notes (as defined therein), as the same may be amended or modified from time to time.

"ABR" when used in reference to any Loan or Advance, refers to whether such Loan is, or the Loans comprising such Advance are, bearing interest at a rate determined by reference to the Alternate Base Rate.

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

"Adjusted LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period (or, as applicable, for the purpose of determining the Alternate Base Rate for any day by reference to a one month Interest Period), an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Advances" shall mean any principal amount advanced and remaining outstanding at any time under the Loan, which Advance shall be made or outstanding as an ABR Advance or a Eurodollar Advance, as the case may be. The initial and only Advance the Term Loan shall be a 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 Term Loan Agreement, as originally executed and as it may be from time to time supplemented, amended, restated, renewed or extended and in effect.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day ***plus*** 1/2 of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) ***plus*** 1%; provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day (or if such day is not a Business Day, the immediately preceding Business Day). Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

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

"Arrowhead Acquisition" shall mean the transaction by which the Borrower has acquired Arrowhead General Insurance Agency, Inc.

"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.

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

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Book of Business Sales" shall mean the sale by a Consolidated Company in the ordinary course of business of a book of business, either by the sale of assets or Capital Stock, which may include the sale of what is characterized as its profit center operations (i.e. office) that are made from time to time and are consistent with past practice, and where the value is less than $20,000,000.

"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 New York, New York and Orlando, Florida.

"Capital" shall mean the sum of (a) Funded Debt **plus** (b) 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.

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directive thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or, pursuant to the accord commonly referred to as "Basel III" or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

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

"**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 EBIT**" 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, which would include Book Of Business Sales) 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 EBIT, **plus** to the extent deducted in determining Consolidated Net Income (Loss), (b)(i) depreciation and (ii) amortization of the Consolidated Companies, **plus** (c) non-cash charges to the extent deducted in determining Consolidated Net Income (Loss), **plus** (d) to the extent deducted in determining Consolidated Net Income (Loss), all non-cash stock grant compensation all as determined for the Consolidated Companies in accordance with GAAP.

"**Consolidated Interest Expense**" shall mean, for any period, total interest expense (including that attributable to Capital Lease Obligations) of the Consolidated Companies for such period with respect to all outstanding Indebtedness of the Consolidated Companies calculated on a consolidated basis for the Consolidated Companies for such period 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 accordance 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 Rental Expense**" shall mean, with reference to any period, the aggregate fixed amounts payable by the Consolidated Companies under any operating leases, calculated on a consolidated basis for the Consolidated Companies for such period 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.

"Credit Documents" shall mean, collectively, this Agreement, the Fee Letter (as defined in Section 4.5) and the Note.

"Credit Parties" shall mean, collectively, each of Borrower, 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.

"Earnout Payments" shall mean, in connection with an acquisition of the business by a Consolidated Company, any payments agreed to be made to the sellers in said acquisition as a part of the purchase price, and which payments are based upon certain performance or other standards relating to the business which has been acquired.

"EBITDA" shall mean Consolidated EBITDA.

"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. §7401 et seq.), (ii) the Clean Water Act (33 U.S.C. §1251 et seq.), (iii) the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), (iv) the Toxic Substances Control Act (15 U.S.C. §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. §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.

"<u>Eurodollar</u>", when used in reference to any Loan or Borrowing, shall refer to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"<u>Eurodollar Advance</u>" shall mean an Advance bearing interest based on the LIBO Rate.

"<u>Eurodollar Loans</u>" shall mean a Loan that bears interest at the Adjusted LIBO Rate.

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

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

"<u>Excluded Taxes</u>" shall mean, with respect to any payment made by any Credit Party under any Credit Document, any of the following Taxes imposed on or with respect to the Lender: (a) income or franchise Taxes imposed on (or measured by) its overall net income by the United States of America, (i) by the jurisdiction (or any political subdivision thereof) in which Lender's applicable lending office is located or (ii) by any jurisdiction as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (or any political subdivision thereof), other than any such connection arising solely from Lender having executed, delivered or performed its obligations, received a payment under, received a perfected security interest under, engaged in any other transaction contemplated by, or enforced, this Agreement or any other Credit Document, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Non U.S. Lender, any U.S. federal withholding Taxes resulting from any law in effect on the date such Non U.S. Lender becomes a party to this Agreement (or designates a new lending office).

"<u>Executive Officer</u>" shall mean with respect to any Person, the Chief Executive Officer, the President, any Vice President, Chief Financial Officer, Treasurer, Secretary and any Person holding comparable offices or duties.

"<u>Federal Funds Effective Rate</u>" shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Lender from three federal funds brokers of recognized standing selected by it.

"<u>Funded Debt</u>" 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.

"<u>Funded Debt to EBITDA Ratio</u>" 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.

"<u>GAAP</u>" shall mean generally accepted accounting principles in the United States of America, as 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 of 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.

"<u>Governmental Authority</u>" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“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.

“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. §9601, the Resource Conservation and Recovery Act, 42 U.S.C. §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 combination thereof. Earnout Payments shall not be considered Indebtedness.

“Indemnified Taxes” shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by any Credit Party under any Credit Document and (b) Other Taxes.

“Insurance Company Payables” shall mean payables due an insurance company from the Borrower or any of its Subsidiaries which arise from time to time in the ordinary and normal course of business.

“**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. Intercompany Loans do not include the practice of the Borrower in the normal course of “sweeping” cash accounts from its “branches” (i.e., subsidiaries) to centralize the cash operations of the Consolidated Companies.

“Interest Period” shall mean with respect to Eurodollar Advances, the period of 1, 2, or 3 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.

"JPMorgan" means JPMorgan Chase Bank, National Association, a national banking association, and its successors.

"Lender" or "Lenders" shall mean JPMorgan 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 with respect to each Type of Loan.

"**LIBO Rate**" shall mean, for any Interest Period for any Eurodollar Loan comprising part of the same Borrowing, an interest rate per annum equal to the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to U.S. Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Lender in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"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" shall mean the Term Loan.

"Margin Regulations" shall mean 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 6.27(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.

"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) December 31, 2016, 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.

"Non-U.S. Lender" shall mean a Lender that is not a U.S. Person.

“Note” shall mean the Term Note, either as originally executed and as the same may be from time to time supplemented, modified, amended, renewed or extended.

“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.

“OFAC” shall have the meaning assigned to such term in Section 7.10.

“Other Connection Taxes” shall mean, with respect to Lender, Taxes imposed as a result of a present or former connection between Lender and the jurisdiction imposing such Taxes (other than a connection arising from the Lender having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Credit Document or sold or assigned an interest in any Loan or Advance or in this Agreement).

“Other Taxes” shall mean any present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“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 no Event of Default will occur or be continuing and the Funded Debt to EBITDA Ratio for the trailing twelve month period then ended on a *pro forma* basis after giving effect to such acquisition calculated in a manner acceptable to Lender will not be greater than 2.5:1.

“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 6.27(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.

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by JPMorgan as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"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.

"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.

"Statutory Reserve Rate" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Lender is subject, with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentage shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to the Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"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 Indebtedness 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.

"**SunTrust Loan**" shall mean those certain credit and term loan facilities made available to the Borrower by SunTrust Bank, pursuant to that certain Amended and Restated Revolving and Term Loan Agreement, dated as of January 9, 2012, as the same may be amended, modified, supplemented, replaced, restated, or refinanced from time to time, not in contravention of the provisions hereof.

"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.

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

"Term Loan Commitment" shall mean the amount of $100,000,000.

"Term Note" shall mean the promissory note evidencing the Term Loan.

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

"U.S." and **"United States"** shall mean the United States of America.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"Uncommitted Line Facility" shall have the meaning set forth in the recitals to this Agreement.

"Uncommitted Line Facility Note" shall have the meaning set forth in the recitals to this Agreement.

"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

[Intentionally Omitted]

ARTICLE III

TERM LOAN

Section 3.1 Commitment: Use of Proceeds.

(a) Subject to and upon the terms and conditions herein set forth, the Lender has made to Borrower on the Closing Date, the Term Loan in an aggregate amount of the Lender's Term Loan Commitment. The Term Loan is a term loan and, therefore, Borrower shall not be entitled to obtain any further or additional Advances on the Term Loan after the Closing Date.

(b) The amount advanced on the Term Loan on the Closing Date shall be deemed to be an ABR Advance. The Term Loan shall, at the option of Borrower, be continued as, or converted into, part of one or more Borrowings that shall consist entirely of ABR Advances or Eurodollar Advances. The aggregate principal amount of each Borrowing under the Term Loan shall in the case of Eurodollar Advances be not less than $5,000,000 or a greater integral multiple of $1,000,000, and in the case of ABR Advances shall be not less than $1,000,000 or a greater integral multiple of $100,000, or in such lesser amount as shall then equal the outstanding balance of the Term Loan. At no time shall the number of Borrowings made as Eurodollar Advances then outstanding under this Article III exceed five; provided that, for the purpose of determining the number of Borrowings outstanding and the minimum amount for Borrowings resulting from continuations, all Borrowings of ABR Advances under the Term Loan shall be considered as one Borrowing. The parties hereto agree that the aggregate principal balance of the Term Loan shall not exceed the Term Loan Commitment.

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

(i) To repay in full the Uncommitted Line Facility on the Closing Date and a portion of the outstanding principal of the SunTrust Loan incurred in connection with the Arrowhead Acquisition;

(ii) To pay all transaction fees and expenses incurred in connection with this facility including any 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.

Section 3.2 Term Note; Repayment of Principal.

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

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

Section 3.3 Payment of Interest.

(a) Borrower agrees to pay interest in respect of all unpaid principal amounts of the Term Loan 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:

(i) For ABR Advances - The Alternative Base Rate in effect from time to time; and

(ii) For Eurodollar Advances - The relevant Adjusted LIBO Rate ***plus*** one percent (1.0%).

(b) Interest on the Term Loan shall accrue from and including the date of funding of such Loan to the date of any repayment thereof. Interest on the Term Loan shall be payable on the last day of each Interest Period applicable thereto provided, however, if the Interest Period is longer than three (3) months, then the interest will be paid on the last day of each three (3) month period prior to the expiration of the applicable Interest Period, **provided, further,** if the Borrower has elected under **Section 4.1(c)** to convert any portion of the Term Loan into an ABR Advance, interest on all outstanding ABR Advances shall be payable quarterly in arrears on the last calendar day of each fiscal quarter of Borrower in each year. No further advances shall be made on the Term Loan from and after the initial advance made by the Lender to fully fund the Term Loan.

ARTICLE IV

GENERAL LOAN TERMS

Section 4.1 Funding Notices.

(a) Subject to the satisfaction in full of the terms and conditions herein, the Lender shall fully fund the Term Loan Commitment Closing Date.

(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 of each such Borrowing to be converted or continued (a "**Notice of Conversion/Continuation**"), 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 an ABR Advance, and (ii) three (3) 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.

Section 4.2 Disbursement of Funds. The Lender will make available the amount of each Borrowing in immediately available funds to an account designated by Borrower to Lender in writing.

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 Term Loan, and all other overdue amounts owing hereunder, shall bear interest from each date that such amounts are overdue, at 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 or 3 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 Lender all fees and amounts separately agreed to in writing in that certain Fee Letter dated the Closing Date (as amended, restated or modified) by and between Borrower and Lender (the **"Fee Letter"**).

Section 4.6 Voluntary Prepayments of Borrowings.

(a) Borrower may, at its option, prepay Borrowings consisting of ABR Advances at any time in whole, or from time to time in part, in amounts aggregating $5,000,000 or any greater integral multiple of $1,000,000, 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 $5,000,000 or any greater integral multiple of $1,000,000, 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.

(b) Borrower shall give written notice (or telephonic notice confirmed in writing) to the Lender of any intended prepayment of the Loan (i) not less than one (1) Business Day prior to any prepayment of ABR 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** if any prepayment of Eurodollar Advances made pursuant to a single Borrowing 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 ABR Advances.

(d) In the event any prepayments are made on the Term Loan, the Borrower shall not thereafter have any right to reborrow said amount under the Term Loan

Section 4.7 Payments, etc. 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.

(a) (i) All such payments shall be made free and clear of and without deduction or withholding for any Taxes in respect of this Agreement, the Note or other Credit Documents, or any payments of principal, interest, fees or other amounts payable hereunder or thereunder. If applicable law requires the deduction or withholding of any Taxes from any such payment, then each Credit Party agrees (A) 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 Note 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, (B) to make such withholding or deduction, and (C) to pay the full amount deducted to the relevant authority in accordance with applicable law. Borrower will furnish to the Lender within thirty 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 and a copy of any Tax return required by applicable law to report such payment. Borrower will indemnify and hold harmless the Lender and reimburse the Lender upon written request for the amount of any Indemnified Taxes paid or payable by Lender, or required to be deducted or withheld from a payment to 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 or liability by the Lender, absent manifest error, shall be final, conclusive and binding for all purposes.

(b) Subject to **<u>Section 4.4(b)</u>**, 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.

(c) 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).

(d) Without duplication of, or limiting the provisions of subsection (a) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Lender timely reimburse Lender for the payment of, any Other Taxes.

Section 4.8 <u>LIBO Rate Not Ascertainable, Etc.</u> 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 the LIBO Rate 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 LIBO Rate then, and in any such event, the Lender shall forthwith give notice (by telephone confirmed in writing) to Borrower 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 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 ABR Advances.

Section 4.9 <u>Illegality</u>.

(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 any time that the making or continuance of any Eurodollar Advance in regard to any Loan 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 **<u>Subsection (a)</u>** 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 an ABR Advance, which ABR 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 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 any Change in 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);

(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;

(iii) there shall be imposed on Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by Lender or participation therein; or

(iv) the Lender shall be subject to any Taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto (other than (A) Indemnified Taxes and (B) Excluded Taxes);

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 Adjusted LIBO 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, upon written notice from and demand by the Lender on Borrower pay to the Lender within five 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 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 determined that, because of the circumstances described 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 Adjusted LIBO 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 an ABR Advance, which such ABR Advance shall, for all other purposes, be considered part of such Borrowing.

Section 4.11 **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 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 4.12 **Assumptions Concerning Funding of Eurodollar Advances.** Calculation of all amounts payable to a Lender under this **Article IV** shall be made as though that Lender had actually funded its relevant Eurodollar Advances 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 that Lender to a domestic office of that 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 4.13 **Capital Adequacy.** Without limiting any other provision of this Agreement, in the event that the Lender shall have determined that a Change in Law 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 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 Change in Law (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 Business Days after written notice and demand by 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 ABR Advances, without duplication of any amounts already recovered by the Lender by reason of an adjustment in the applicable Alternate Base Rate). Each certificate as to the amount payable under this **Section 4.13** (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 4.14 **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 4.11** and **4.12** 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 **4.13** 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 4.15 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 the Term Loan to Borrower on the Closing Date 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 Advances. At the time of the making of the Term Loan hereunder on the Closing Date, all obligations of Borrower hereunder incurred prior to any such Advance (including, without limitation, Borrower's obligations to reimburse the reasonable fees and expenses of counsel to the Lender and any 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 Term Note evidencing the Term Loan Commitment;

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

(d) 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;

(e) 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;

(f) 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;

(g) 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;

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

(i) 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)**, other than with respect to any such Indebtedness outstanding with the Lender, in any single case greater than $100,000;

(j) 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;

(k) 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;

(l) 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;

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

(n) 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;

(o) Financial Statements of the Borrower, audited on a consolidated basis for the fiscal years ended on December 31, 2008, 2009 and 2010;

(p) Financial Statements of the Borrower, internally prepared and unaudited, on a consolidated basis for the three (3) month period ending September 30, 2011; and

(q) Evidence of repayment in full of the Uncommitted Line Facility and repayment of not less than $50,000,000 in principal of the SunTrust Loan.

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:

(r) The Loan 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;

(s) 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

(t) 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.

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

(v) 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);

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

(x) 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 Parties 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;

(y) The Loans to be made 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 applicable to Borrower; and

(z) 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 5.2 <u>Certification For Each Borrowing</u>. Each Notice of Conversion/Continuation or any 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 or acceptance, as the case may be, that the applicable conditions specified in **<u>Section 5.1</u>** have been satisfied or are true and correct, as the case may be.

ARTICLE VI

<u>REPRESENTATIONS AND WARRANTIES</u>

Borrower represents, warrants and covenants to Lender that:

Section 6.1 <u>Organization and Qualification</u>. 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 **<u>Schedule 6.1</u>.**

Section 6.2 <u>Corporate Authority</u>. 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, 2008, 2009 and 2010 certified by Deloitte & Touche, LLP, as applicable, and the three (3) month unaudited consolidated balance sheets and consolidated statements of income, stockholder equity and cash flow as and for the three (3) month period ended on September 30, 2011. 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, 2011.

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 reasonably could be expected to 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. Each Credit Party 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 each Credit Party 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 each Credit Party 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 Credit Party 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 Note, 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 Note 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 **Section 3.1(c)** 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 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 Note or contains dividend or redemption limitations on Capital 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.** Except as set forth on **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 (i) 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, (ii) 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 (iii) 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, slowdowns 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, slowdowns 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.** 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, except as provided pursuant to **Section 8.11** or **8.16** herein. 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 Consolidated Company is solvent and able to pay its debts as and when they accrue and are due.

Section 6.25 **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 through the SEC's EDGAR filing system 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 6.26 **Capital Stock of Borrower and Related Matters.** 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 6.27 **Material/Places of Business.**

(a) The Places of Business identified in **Schedule 6.27(a)** hereof constitute all the Places of Business for the Consolidated Companies.

(b) The Material Places of Business identified in **Schedule 6.27(b)** hereof constitute all the Material Places of Business for the Consolidated Companies.

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 either the Revolving Note or the Term 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 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, (i) all taxes, assessments and governmental charges imposed upon it or upon its property on or before the date they are due, and (ii) 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 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 Deloitte & Touche, 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 reasonably 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 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 Consolidated Company or ERISA Affiliate thereof which is subject to Title IV of ERISA, to impose any liability on such Consolidated 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) **Other Information**. With reasonable promptness, such other information about the Consolidated Companies as the Lender may reasonably request from time to time;

(m) **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) The Borrower shall have a Consolidated Net Worth as of the last day of each fiscal quarter (commencing with the fiscal quarter ended December 31, 2011) of not less than the sum of (i) 1,375,000,000 **plus** (ii) 50% of cumulative positive Consolidated Net Income (Loss) after December 31, 2011, **plus** (iii) 100% of net cash raised through contribution or issuance of new equity after December 31, 2011, **less** (iv) receivables from affiliates.

(b) The Borrower shall have a Fixed Charge Coverage Ratio as of the last day of each fiscal quarter (commencing with the fiscal quarter ended December 31, 2011) of not less than 2.50 to 1.00. (The Fixed Charge Coverage Ratio means, at the end of any such fiscal quarter, the ratio of (a) the sum of (i) Consolidated EBITDA **plus** (ii) Consolidated Rental Expense, both calculated for the period of four consecutive fiscal quarters then ended to (b) the sum of (i) Consolidated Interest Expense **plus** (ii) Consolidated Rental Expense, both calculated for such period.)

(c) The Borrower shall have a ratio of Funded Debt as of the last day of each fiscal quarter (commencing with the fiscal quarter ended December 31, 2011) of the Borrower to Consolidated EBIDTA, for the period of four consecutive fiscal quarters of the Borrower ending with and including such fiscal quarter, not greater than 2.75 to 1.00.

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 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 regarding any licenses or agreements regarding the business of the Consolidated Company and which could have a Materially 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 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 OFAC. The Borrower shall (a) ensure, and cause each Subsidiary to ensure, that no Person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Loans to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto and (c) comply, and cause each Subsidiary to comply, with all applicable Bank Secrecy Act regulations, as amended.

ARTICLE VIII

NEGATIVE COVENANTS

So long as the Term 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, (x) increase any such Indebtedness or modify the terms of said Indebtedness on terms less favorable to the maker or obligor or (y) add any additional obligors;

(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 $20,000,000.

(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 $1,000,000 and in the aggregate at any time the amount of $2,000,000 (excluding Intercompany Loans listed on **Schedule 6.22**)

(f) Any Intercompany Loans with Decus Holding (UK), Limited (UK), a London based company provided that the amount of such loans may not at any one time exceed the principal amount of $10,000,000.

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

(h) Unsecured Indebtedness of (i) Borrower without any limitation of amount provided that the maturity of said Indebtedness is longer than the maturity of the Term Loan and (ii) any Subsidiary of Borrower in an aggregate amount for all such Indebtedness of all such Subsidiaries not to exceed $50,000,000 in principal amount at any time outstanding provided that the maturity of said Indebtedness is longer than the maturity of the Term Loan;

(i) Unsecured Indebtedness due under the 2004 Note Offering not to exceed at any time the aggregate principal amount of $200,000,000 and unsecured Indebtedness due under the 2006 Note Offering not to exceed at any time the aggregate principal amount of $200,000,000;

(j) Guaranteed Indebtedness of the Borrower for Insurance Company Payables;

(k) Guarantee of operating leases of Subsidiaries entered into by the Subsidiary in the normal and ordinary course of business, including operating leases for places of business and for equipment used in or in connection with that business; and

(l) Unsecured Indebtedness (including any refinancings thereof) up to $250,000,000 in principal under the SunTrust Loan incurred by the Borrower for the purpose of the Arrowhead Acquisition, Permitted Acquisitions and other general corporate purposes, and, with respect to which, said indebtedness has payment terms comparable to those of the Term Loan, unless otherwise agreed to by the Lender in its discretion, and, further, the holder of said other indebtedness enters into an inter-creditor agreement with the Lender on terms acceptable to both parties.

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

(a) Liens existing on the date hereof and disclosed on **Schedule 8.2**, 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 $20,000,000;

(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); and

(f) Liens securing the Loan.

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 sales of the Capital Stock of Subsidiaries) between any of the Consolidated Companies, and (c) other asset sales (including sales of the Capital Stock of Subsidiaries) 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 the greater of $20,000,000 or 10% of Consolidated EBITDA at that time.

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 shall not apply to (a) a Permitted Acquisition **provided that** notice of said pending Permitted Acquisition is given to the Lender along with a certification in form reasonably acceptable to Lender reasonably prior to 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 where Borrower is the surviving corporation 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**, **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, **provided**, **however**, nothing in this **Section 8.5(b)** shall be deemed to authorize an investment in any entity that is not a Subsidiary prior to such investment;

(c) 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;

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

(e) Time deposits maturing within one 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, including without limitation, any such deposits in Eurodollars issued by a foreign branch of any such bank or trust company;

(f) Investments made by Plans;

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

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

(i) 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.

(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. Make any payment in violation of the subordination provisions of any Subordinated Debt.

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 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, except in each case any consensual encumbrance or restriction existing under the Credit Documents, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** or **Section 8.1(l)** hereof (in each case, with respect to any such encumbrance or restriction relating to this Agreement and the other Credit Documents and the indebtedness and obligations evidenced hereunder and thereunder, as in effect as of the date hereof or as amended or supplemented in a manner acceptable to Lender).

Section 8.12 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 8.13 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 8.14 Change of Control. Allow or suffer to occur any change of control of the Borrower in violation of **Section 9.10**.

Section 8.15 No Issuance of Capital Stock. Without the prior written consent of the Lender permit any Subsidiary to issue any additional Capital Stock.

Section 8.16 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 subordination provisions related thereto; and

(c) 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 8.17 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**, or **8.1** through **8.17**, or **10.2(b)**;

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 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;

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 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 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 in the aggregate, or any other event shall occur in respect of Indebtedness exceeding $1,000,000 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 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 limit.

Section 9.10 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 the Persons set forth in **Schedule 9.10** 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;

(b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (who qualify under any one of the following) (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or

(c) 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 9.11 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 9.12 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 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 9.13 Default Under Subordinated Loan Documents. An Event of Default occurs and is continuing under any Subordinated Debt;

Section 9.14 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 by written notice to Borrower, take any or all of the following actions, without prejudice to the rights of the Lender to enforce its claims against Borrower or any other Credit Party: (i) declare the Term Loan Commitment terminated whereupon the Term Loan Commitment 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), (iv) or, (v) above, shall occur automatically without the giving of any such notice.

ARTICLE X

MISCELLANEOUS

Section 10.1 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, (b) 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 10.2 **Amendments, Etc.**

(a) 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, affect the rights or duties of the Lender under this Agreement or under any other Credit Document.

(b) In the event that any of the terms or provisions of the SunTrust Loan and/or any of the agreements, documents or instruments executed in connection with or in furtherance thereof are amended, restated, supplemented or otherwise altered or modified in any manner at any time (and from time to time), the Lender shall have the right (but not the obligation) to require that the Borrower amend, restate or otherwise alter or modify the terms of any of this Agreement and/or the other Credit Documents in a manner consistent with and/or at least as favorable to Lender as such amendment, restatement, alteration or modification and the Borrower hereby agrees to promptly execute and deliver (or to cause the execution and delivery by its Subsidiaries, as appropriate) any documents or instruments and take any steps necessary to effectuate any such amendment.

Section 10.3 **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 10.4 **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 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);

(b) subject, in the case of certain Taxes, to the applicable provisions of **Section 4.7(a)**, 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 Note 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, affiliates, advisors and agents from, and hold each of them harmless against, any and all costs, losses, liabilities, claims, damages or expenses (including, without limitation, the fees, charges and disbursements of counsel or any Indemnitee (as defined below)) incurred by or asserted against any of them (whether or not any of them is designated a party thereto) (an "**Indemnitee**") arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement and each other Credit Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is party thereto; **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 10.4** 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 10.5 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 10.6 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.

(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 Note 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 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 Note 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(a)** 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, such Lender shall assign, without recourse and without representations and warranties, all of its rights and obligations under this Agreement and the other Credit Documents to another lender 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 10.7 Governing Law; Submission to Jurisdiction.

(a) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND UNDER THE NOTE 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 NOTE 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 NOTE 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 IN ACCORDANCE WITH SECTION 10.1.**

(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 10.8 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 the Note, and it shall not be necessary for any other Person to be joined as an additional party in any proceeding for such purpose.

Section 10.9 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 10.10 **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 10.1**.

(b) The obligations of Borrower intended to survive hereunder shall so survive payment in full of the Note **provided**, **however**, the obligations of the Borrower under **Sections 4.7**, **4.10**, **4.11**, **4.12**, and **4.13** hereof shall survive for ninety (90) days after the earlier of payment in full of the Note or 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 Note.

Section 10.11 **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 10.12 **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 10.13 **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 10.14 **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 10.15 **Time is of the Essence.** Time is of the essence in interpreting and performing this Agreement and all other Credit Documents.

Section 10.16 **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 Note, 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 10.17 **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 and their respective agents have participated in the preparation hereof.

Section 10.18 **No Incorporation into Note**. This Agreement is expressly not incorporated by reference into the Note.

Section 10.19 **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 TERM LOAN AGREEMENT

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:

BROWN & BROWN, INC.

By: ______________________________
Cory T. Walker
Senior Vice President, Treasurer
and Chief Financial Officer

Address for Notices:

220 South Ridgewood Avenue
Daytona Beach, Florida 23115-2412
Attention: Cory T. Walker
Telephone No.: (386) 239-7250
Telecopy No.: (386) 239-7252

With a copy to:

Laurel L. Grammig
Chief Corporate Counsel
BROWN & BROWN, INC.
3101 W. MLK Blvd., Ste. 400
Tampa, Florida 33607
Telephone No.: (813) 222-4277
Telecopy No.: (813) 222-4464

LENDER:

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION

By: ______________________________

Address for Notices:

JPMorgan Chase Bank, National Association
10 S. Dearborn Street, Floor 9
Chicago, Illinois 60603
Attention: Lana Skopcenko
Telephone: 312 325 3216
Telecopy: 312 386 7632

Schedule 6.1

ORGANIZATION AND OWNERSHIP OF SUBSIDIARIES

Subsidiaries of the Borrower and Ownership of Subsidiary Stock

One hundred percent (100%) of the outstanding shares of Capital Stock of each direct subsidiary (that is, those companies listed without any symbol preceding them) are owned by Brown & Brown, Inc.

- = indirect subsidiary, whose outstanding shares of Capital Stock (or, in the case of companies identified as limited liability companies, membership interests) are owned 100% by the direct subsidiary (company listed without any symbol preceding its name) listed above the name of such indirect subsidiary
- = indirect subsidiary whose outstanding shares of Capital Stock are owned 100% by the indirect subsidiary (company with • symbol preceding its name) listed above the name of such indirect subsidiary

Acumen Re Management Corporation (DE)

Advocator Group Holding Company, Inc. (FL)

- AG Insurance Services, LLC (FL)
- Brown & Brown of Massachusetts, LLC (MA)
- The Advocator Group, LLC (FL)

AFC Insurance, Inc. (PA)

Allocation Services, Inc. (FL)

American Specialty Insurance & Risk Services, Inc. (IN)

Apex Insurance Agency, Inc. (VA)

Arrowhead General Insurance Agency SuperHolding Corp. (DE)

- Arrowhead General Insurance Agency Holding Corp. (DE)
    - Arrowhead General Insurance Agency, Inc. (MT)
        - AGIA Premium Finance Company, Inc. (CA)
        - Alexander Anthony Insurance, LLC (UT)
        - American Claims Management, Inc. (CA)
            - Superior Recovery Services, Inc. (CA)
            - Premier Interpreting & Transportation, Inc. (CA)
            - Investigation Solutions, Inc. (CA)
        - Independent Consulting & Risk Management Services, Inc. (CA)
        - Pacific Claims Service, Inc. (CA)
- YouZoom Insurance Services, Inc. (CA)

Azure International Holding Co. (DE)

B&B Protector Plans, Inc. f/k/a Underwriters Services, Inc. (FL)

B&B TN Holding Company (DE)

- Brown & Brown of Tennessee, Inc. (TN)

Braishfield Associates, Inc. (FL)

- Braishfield Associates of New York, Inc. (NY)

Brown & Brown Agency of Insurance Professionals, Inc. (OK)

- Graham-Rogers, Inc. (OK)

Brown & Brown Disaster Relief Foundation (FL non-profit)

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

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

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

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

Brown & Brown Insurance of Nevada, Inc. (NV)

Brown & Brown Insurance Services of California, Inc. f/k/a Brown & Brown of Northern California, Inc. (CA)

- Brown & Brown Insurance Brokers of Sacramento, Inc. (CA)

Brown & Brown Lone Star Insurance Services, Inc. f/k/a Brown & Brown Insurance Services of San Antonio, Inc. (TX)
Brown & Brown Metro, Inc. (NJ)
Brown & Brown of Arkansas, Inc. (AR)
Brown & Brown of Bartlesville, Inc. (OK)
Brown & Brown of Central Michigan, Inc. (MI)
Brown & Brown of Central Oklahoma, Inc. (OK)
Brown & Brown of Colorado, Inc. (CO)
Brown & Brown of Connecticut, Inc. (CT)
Brown & Brown of Delaware, Inc. (DE)
Brown & Brown of Detroit, Inc. f/k/a Alcos, Inc. (MI)
Brown & Brown of Florida, Inc. f/k/a & B Insurance Services, Inc. (FL)

- Axiom Re, Inc. (FL)
- Brown & Brown of Garden City, Inc. f/k/a Ernest Smith Insurance Agency, Inc. (FL)
- Halcyon Underwriters, Inc. (FL)
- MacDuff Underwriters, Inc. (FL)
    - MacDuff America, Inc. (FL)

Brown & Brown of Illinois, Inc. (IL)
Brown & Brown of Iowa, Inc. (IA)
Brown & Brown of Kentucky, Inc. (KY)
Brown & Brown of Louisiana, Inc. (LA)
Brown & Brown of Michigan, Inc. (MI)
Brown & Brown of Minnesota, Inc. (MN)
Brown & Brown of Missouri, Inc. (MO)
Brown & Brown of New Hampshire, Inc. (NH)
Brown & Brown of New Jersey, Inc. (NJ)

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

Brown & Brown of New York, Inc. (NY)
Brown & Brown of North Dakota, Inc. (ND)
Brown & Brown of Northern California, Inc. (CA)
Brown & Brown of Northern Illinois, Inc. f/k/a John Manner Insurance Agency, Inc. (DE)
Brown & Brown of Ohio, Inc. (OH)

- Brown & Brown of Indiana, Inc. (IN)
    - Brown & Brown of Southwest Indiana, Inc. (IN)

Brown & Brown of Pennsylvania, Inc. (PA)
Brown & Brown of South Carolina, Inc. (SC)
Brown & Brown of the West, Inc. f/k/a CITA Insurance Brokers, Inc. (CA)
Brown & Brown of Washington, Inc. (WA)

- International E&S Insurance Brokers, Inc. f/k/a Azure VI Merger Co. (CA)

Brown & Brown of West Virginia, Inc. (WV)
Brown & Brown of Wisconsin, Inc. (WI)
Brown & Brown Program Insurance Services of California, Inc. (CA)
Brown & Brown Realty Co. (DE)
CC Acquisition Corp. (FL)
Colonial Claims Corporation (FL)
Conduit Insurance Managers, Inc. (TX)
ECC Insurance Brokers, Inc. (IL)
ELOHSSA, Inc. (FL)
Energy & Marine Underwriters, Inc. (LA)
Healthcare Insurance Professionals, Inc. (TX)
Hull & Company, Inc. (FL)

- Hull & Company of New York, Inc. (NY)

Industry Consulting Group, Inc. f/k/a ICG Acquisition Corp. (FL)
Lancer Claims Services, Inc. (NV)

Madoline Corporation (FL)

- Florida Intracoastal Underwriters, Limited Co. (FL)

Monarch Management Corporation (KS)

Pacific Merger Corp. (DE)

Payease Financial, Inc. (OK)

Peachtree Special Risk Brokers, LLC (GA)

- Peachtree Special Risk Brokers of New York, LLC (NY)

Preferred Governmental Claim Solutions, Inc. (FL)

Proctor Financial, Inc. (MI)

Program Management Services, Inc. (FL)

Public Risk Underwriters, Inc. (F)

- Public Risk Underwriters Insurance Services of Texas, LLC (TX)
- Public Risk Underwriters of Florida, Inc. (FL)
- Public Risk Underwriters of Georgia, Inc. (GA)
- Public Risk Underwriters of Illinois, LLC (IL)
- Public Risk Underwriters of Indiana, Inc. (IN)
- Public Risk Underwriters of New Jersey, Inc. (NJ)
- Public Risk Underwriters of the Northwest, Inc. (WA)

Risk Management Associates, Inc. (FL)

Title Pac, Inc. (OK)

Schedule 6.4

TAX FILINGS AND PAYMENTS

-NONE-

Schedule 6.5

CERTAIN PENDING AND THREATENED LITIGATION

-NONE-

Schedule 6.7

LIENS ON BORROWER ASSETS

-NONE-

Schedule 6.11

EMPLOYEE BENEFIT MATTERS

-NONE-

Schedule 6.13

OUTSTANDING DEBT AND DEFAULTS

Brown & Brown, Inc.
Long Term Debt Schedule - Lead Schedule 29-Dec-11
30-Nov-11

Branch	Date of Note	Creditor	Balance 11/30/11
Long-Term Credit Agreement:			
Corporate	06/28/04	SunTrust LOC	—
Corporate	07/15/04	Variable Annuity - Series B - (RB-1)	32,500,00.00
Corporate	07/15/04	US Life - Series B - (RB-2)	7,500,000.00
Corporate	07/15/04	American Int'l life - Series B - (RB-3)	5,000,000.00
Corporate	07/15/04	AIG Life - Series B - (RB-4)	5,000,000.00
Corporate	07/15/04	New York Life - Series B - (RB-5)	9,500,000.00
Corporate	07/15/04	New York Life 2 - Series B - (RB-6)	5,000,000.00
Corporate	07/15/04	New York Life 3 - Series B - (RB-7)	500,000.00
Corporate	07/15/04	Prudential - Series B - (RB-8)	10,500,000.00
Corporate	07/15/04	Hare & Co. - Series B - (RB-9)	3,850,000.00
Corporate	07/15/04	American Bankers - Series B - (RB-10)	2,000,000.00
Corporate	07/15/04	American Memorial - Series B - (RB-11)	2,000,000.00
Corporate	07/15/04	Fortis Insurance - Series B - (RB-12)	1,150,000.00
Corporate	07/15/04	John Alden Life - Series B - (RB-13)	1,500,000.00
Corporate	07/15/04	Phoenix Life - Series B - (RB-14)	4,000,000.00
Corporate	07/15/04	PHL - Series B - (RB-15)	500,000.00
Corporate	07/15/04	PHL 2 - Series B - (RB-16)	1,500,000.00
Corporate	07/15/04	Life Ins. Of the SW - Series B - (RB-17)	6,000,000.00
Corporate	07/15/04	Assurity Life Insurance Company - Series B - (RB-18)	2,000,000.00
Corporate	12/22/06	Prudential Managed - Series C - (RC-1)	11,300,000.00
Corporate	12/22/06	PRIAC - Series C (RC-2)	12,500,000.00
Corporate	12/22/06	Prudential - Series C - (RC-3)	1,200,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-1)	12,500,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-2)	82,655,000.00
Corporate	02/01/08	How & Co. Series D - (RD-3)	3,250,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E (RE-1)	4,330,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E (RE-2)	82,655,000.00
Corporate	09/15/11	Prudential Retirement Insurance and Annuity Company - Series E - (RE-3)	3,250,000.00
Corporate	09/15/11	Prudential Retirement Guaranteed Cost Business Trust - Series E - (RE-4)	3,100,000.00
Corporate	09/15/11	Pruco Life Insurance Company of New Jersey - Series E - (RE-5)	3,675,000.00
Corporate	09/15/11	MTL Insurance Company - Series E - (RE-6)	3,000,000.00
Sub-Total			**$ 250,000,000**
Acquisitions:			
Atlanta	07/02/10	Eberhart & Company Insurors, Inc.	66,666.67
Plymouth Meeting	10/01/10	Greystone Benefits (Daniel McCormick)	168,197.99
Syracuse	12/08/10	Ladd's Agency (Indemnity Holdback)	245,964.08
Syracuse	12/08/10	Ladd's Agency (Martino Holdback)	70,000.00
Portland	01/11/11	Nies Insurance Agency, Inc.	549,507.36
Seattle-Balcos	07/11/11	Combined Insurance Service Corp.	74,600.00
Saginaw	09/01/11	Public Employee Benefits Solutions, LLC	570,000.00
Sub-Total			**$ 1,744,936.10**
Total Debt			**$251,744,936.10**

Schedule 6.14

CONFLICTING AGREEMENTS

-NONE-

Schedule 6.15(a)

ENVIRONMENTAL COMPLIANCE

-NONE-

Schedule 6.15(b)

ENVIRONMENTAL NOTICES

-NONE-

Schedule 6.15(c)

ENVIRONMENTAL PERMITS

-NONE-

Schedule 6.17

PATENT, TRADEMARK, LICENSE, AND OTHER INTELLECTUAL PROPERTY MATTERS

-NONE-

Schedule 6.21

LABOR AND EMPLOYMENT MATTERS

-NONE-

Schedule 6.22

INTERCOMPANY LOANS

-NONE-

Schedule 6.23

BURDENSOME RESTRICTIONS

-NONE-

Schedule 6.27(a)

PLACES OF BUSINESS

Brown & Brown, Inc.
Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City		State	Zip Code
ARKANSAS (AR)							
124 Little Rock		2120 Riverfront Drive	Suite 200	Little Rock		AR	72202
559 Northwest Arkansas		1479 Executive Place	Suite A	Springdale		AR	72762
130 Russellville	P.O. Box 40 (zip 72811)	706 W. Main		Russellville		AR	72801
				Locations within ARKANSAS	3		
				Profit Centers within ARKANSAS	3		
ARIZONA (AZ)							
408 Big Sky Underwriters		6202 East McKellips #40		Mesa		AZ	85215
83 Phoenix	P.O. Box 2800	2800 N. Central Ave	Suite 1600	Phoenix		AZ	85002
91 Prescott	Caller Box 4560 (zip 86304)	1579 W.Gurley Street	Suite A	Prescott		AZ	86305
				Locations within ARIZONA	3		
				Profit Centers within ARIZONA	3		
CALIFORNIA (CA)							
133 CalSurance	P.O. Box 7048, (zip 92863-7048)	681 S. Parker Street	Suite 300	Orange		CA	92868-4719
552 CITA Insurance Svcs	P.O. Box 7048, (zip 92863-7048)	681 S. Parker Street	Suite 200	Orange		CA	92868-4719
584 Connect		One Kaiser Plaza	Suite 1101	Oakland		CA	94612
421 Hull-Newport Beach		1600 Dove Street	Suite 315	Newport Beach		CA	92660
423 Hull-Stockton		2389 W. March Lane	Suite 200	Stockton		CA	95207
115 Novato		9 Commercial Blvd	Suite 100	Novato		CA	94949
583 Oakland		One Kaiser Plaza	Suite 1101	Oakland		CA	94612
583 Oakland		3697 Mt. Diablo Blvd.	Suite 100	Lafayette		CA	94549
583 Oakland		3554 Round Barn Blvd.	Suite 309	Santa Rosa		CA	95403
132 Orange County	P.O. Box 6989 (zip 92863)	500 N. State College Blvd.	Suite 400	Orange		CA	92868
576 Rocklin		5750 West Oaks Boulevard	Suite 140	Rocklin		CA	95765
576 Rocklin		535 Menlo Drive	Suite B	Rocklin		CA	95765
142 Santa Barbara		1025 Chapala Street		Santa Barbara		CA	93101
142 Santa Barbara		30851 Agoura Rd.	Suite 205	Agoura Hills		CA	91301
542 Stockton		1330 W. Fremont St.		Stockton		CA	95203
541 Woodland Hills		21051 Warner Center Lane	Suite 210	Woodland Hills		CA	91367
				Locations within CALIFORNIA	14		
				Profit Centers within CALIFORNIA	12		

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
COLORADO (CO)						
275 Colorado Springs		101 North Cascade	Suite 410	Colorado Springs	CO	80903
267 Denver		1660 South Albion Street	Suite 525	Denver	CO	80222
266 Ft. Collins	P.O. Box 2226 (zip 80522)	125 S.Howes, 5th Floor		Ft. Collins	CO	80521
491 Hull-Denver		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111-3257
432 Hull-Lincoln		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111
563 Protocols		1350 Independence St.		Lakewood	CO	80215
578 PSR-Denver		8400 East Prentice Ave.	Suite 535	Greenwood Village	CO	80111
272 Steamboat Springs	P.O. Box 775043 (zip 80477)	675 Snapdragon Way	Suite 200	Steamboat	CO	80487
				Locations within COLORADO	6	
				Profit Centers within COLORADO	8	
CONNECTICUT (CT)						
191 Axiom Re		10 Bay Street		Westport	CT	06880
102 Hartford	P.O. Box 50 (zip 06050)	55 Capital Blvd.	Suite 102	Rocky Hill	CT	06067
102 Hartford		65 Boston Post Road		Waterford	CT	06385
583 Oakland		384C Merrow Road		Tolland	CT	06084
				Locations within CONNECTICUT	4	
				Profit Centers within CONNECTICUT	3	
DELAWARE (DE)						
526 B&B Private Client Gr		200 Continental Drive	Suite 402	Newark	DE	19713
				Locations within DELAWARE	1	
				Profit Centers within DELAWARE	1	

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
FLORIDA (FL)						
176 Braishfield		2966 Commerce Park Drive		Orlando	FL	32819
44 Brevard		7341 Office Park Place	Suite 202A	Melbourne	FL	32940
74 Brooksville	P.O. Box 548 (zip 34605-0548)	273 North Broad Street		Brooksville	FL	34601
549 Columbia		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
549 Columbia		404 Kelly Plantation Drive	Unit 106	Destin	FL	32541
543 CPA Protector Plan		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
33 Daytona	P.O. Box 2412 (zip 32115)	220 S. Ridgewood Avenue		Daytona Beach	FL	32114-2412
5 Dental		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
404 DVUA New Jersey		780 Carillon Parkway	Suite 200	St. Petersburg	FL	33716
532 Evergreen Re		1000 SE Monterey Commons Blvd.	Suite 301	Stuart	FL	34996
94 FIU		1600 Sawgrass Corporate Parkway	Suite 200	Sunrise	FL	33323
53 Ft, Lauderdale	P.O. Box 5727 (zip 33310-5727)	1201 West Cypress Creek Road	Suite 130	Ft. Lauderdale	FL	33309-2366
45 Ft, Myers		3820 Colonial Blvd.	Suite 200	Ft. Myers	FL	33966
68 Halcyon		2600 Lake Lucien Drive	Suite 304	Maitland	FL	32751-7234
566 Homestead		1780 North Krome Avenue		Homestead	FL	33030
566 Homestead		31 Ocean Reef Drive	Suite B-201	Key Largo	FL	33037
566 Homestead		103400 Overseas Highway	Suite 238	Key Largo	FL	33037
411 Hull-Ft. Lauderdale		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
411 Hull-Ft. Lauderdale		2150 S. Andrews Avenue		Ft. Lauderdale	FL	33316
416 Hull-Jacksonville		8381 Dix Ellis Trail	Suite 100	Jacksonville	FL	32256
412 Hull-Tampa Bay		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
70 Jacksonville		10151 Deerwood Park Blvd., Bldg. 100	Suite 100	Jacksonville	FL	32256
7 Lawyers		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
72 Leesburg	P.O. Box 491636	900 N. 14th Street		Leesburg	FL	34748
69 MacDuff-Daytona		1717 North Clyde Morris Blvd	Suite 120	Daytona Beach	FL	32117-5532
50 Miami		14900 NW 79th Court	Suite 200	Miami Lakes	FL	33016
55 Monticello	P.O. Box 569 (zip 32345)	1020 W. Washington Street		Monticello	FL	32344
46 Naples		999 Vanderbilt Beach Road	Suite 507	Naples	FL	34108
43 Naples-Benefits		999 Vanderbilt Beach Road	Suite 509	Naples	FL	34108
417 Natl Risk Solutions		800 Carillon Parkway	Suite 150	St. Petersburg	FL	33716
194 NuQuest		280 Wekiva Springs Rd.	Suite 3050	Longwood	FL	32779
39 Ocala		47 S.W. 17th Street		Ocala	FL	34471
6 Optometric		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
36 Orlando		2600 Lake Lucien Drive	Suite 330	Maitland	FL	32751-7234
297 Panama City		647 Luverne Ave.		Panama City	FL	32401
107 PGCS		100 Australian Ave.	Suite 200	West Palm Beach	FL	33406
107 PGCS		615 Crescent Executive Court	Suite 600	Lake Mary	FL	32746
105 Pinellas	P.O. Box 2456 (zip 33757-2456)	83 Park Place Blvd	Suite 101	Clearwater	FL	33759
179 PRIA	P.O. Box 2416 (zip 32115)	220 S. Ridgewood Avenue	Suite 210	Daytona Beach	FL	32114-2416

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
FLORIDA (FL)						
8 Professional Service Plan		3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
563 Protocols		10249 Old Tampa Bay Drive		San Antonio	FL	33576
101 PRSG	P.O. Box 5727	5900 N. Andrews Avenue	Suite 401	Ft. Lauderdale	FL	33309
502 PSR-Boca Raton		621 NW 53rd Street	Suite 385	Boca Raton	FL	33487
504 PSR-St.Pete		780 Carillon Parkway	Suite 200	St. Petersburg	FL	33716
48 Public Risk U/W		615 Crescent Executive Court	Suite 600	Lake Mary	FL	32746
40 Sarasota		1819 Main Street	Suite 510	Sarasota	FL	34236
418 Sigma Underwriting		4000 Hollywood Blvd.	Suite 625 South To	Hollywood	FL	33021
75 Tallahassee	P.O. Box 13769 (zip 32317-3769)	3520 Thomasville Road	Suite 500	Tallahassee	FL	32309
13 Tampa	P.O. Box 15519 (zip 33684)	3101 West Dr. Martin Luther King Jr. Blvd.	Suite 400	Tampa	FL	33607
67 USIS		140 Alexandria Blvd.	Suite H	Oviedo	FL	32765
67 USIS	P.O. Box 616648 (zip 32861)	5728 Major Blvd.	Suite 450	Orlando	FL	32819
574 Vero Beach		2911 Cardinal Drive		Vero Beach	FL	32963
54 West Palm Beach		1401 Forum Way	Suite 400	West Palm Beach	FL	33401-2324

Locations within FLORIDA 40
Profit Centers within FLORIDA 47

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
GEORGIA (GA)						
85 Atlanta		3483 Satellite Blvd.	Suite 100	Duluth	GA	30096
532 Evergreen Re		1950 Drummond Pond Rd		Alpharetta	GA	30004
482 Hull-North Carolina		2405 Kennedy Lane		Marietta	GA	30060
168 Marietta		1234 Powers Ferry Road SE	Suite 102	Marietta	GA	30067-5486
148 Norcross		4725 Peachtree Corners Circle	Suite 370	Norcross	GA	30092
148 Norcross		4730 Hammond Industrial Dr.	Suite 100	Cummings	GA	30041
501 PSR-Atlanta		3525 Piedmont Road NE	Suite 415	Atlanta	GA	30305
47 PSR-Stockbridge		303 Corporate Center Drive	Suite 300A	Stockbridge	GA	30281
87 Rome, GA		901 N. Broad Street	Suite 200	Rome	GA	30161
67 USIS		Nine Dunwoody Park	Suite 106	Atlanta	GA	30338

Locations within GEORGIA 10
Profit Centers within GEORGIA 9

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
HAWAII (HI)						
471 Hull-Hawaii		3375 Koapka Street	Suite D136	Honolulu	HI	96819

Locations within HAWAII 1
Profit Centers within HAWAII 1

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
ILLINOIS (IL)						
198 APEX		111 West Jackson Blvd.	Suite 1502	Chicago	IL	60604
191 Axiom Re		941 North Plum Grove Rd	Suite B	Schaumburg	IL	60173
175 ECC Ins. Brokers		1211 W. 22nd Street	Suite 512	Oak Brook	IL	60523
195 Ideal		100 West 22nd Street	Suite 115	Lombard	IL	60148
129 Joliet		220 N. Larkin Ave.		Joliet	IL	60435
184 Lisle		2300 Cabot Drive	Suite 100	Lisle	IL	60532
579 PSR-Chicago		1211 W. 22nd Street	Suite 512	Oak Brook	IL	60523
				Locations within ILLINOIS	6	
				Profit Centers within ILLINOIS	7	
INDIANA (IN)						
173 American Specialty	P.O. Box 309	142 North Main Street		Roanoke	IN	46783-0309
186 Downey	P.O. Box 1247	302 South Reed Road		Kokomo	IN	46901
62 Indianapolis		1832 South Plate St.		Kokomo	IN	46902
62 Indianapolis		507 N. Main St.	Suite D	Kokomo	IN	46901
62 Indianapolis		11555 N. Meridian Street	Suite 220	Carmel	IN	46032
62 Indianapolis		414 West High St.		Elkhart	IN	46516
155 Owensboro		8788 Ruffian Lane		Newburgh	IN	47630
				Locations within INDIANA	7	
				Profit Centers within INDIANA	4	
KANSAS (KS)						
196 Monarch Mgmt. Corp.		1240 S.W. Oakley		Topeka	KS	66604-1637
				Locations within KANSAS	1	
				Profit Centers within KANSAS	1	
KENTUCKY(KY)						
549 Columbia		724 N. Main Street		Franklin	KY	42135
549 Columbia		132 Public Square		Columbia	KY	42728
516 Lexington		1019 Majestic Drive	Suite 310	Lexington	KY	40513
529 Louisville		13101 Magisterial Drive	Suite 200	Louisville	KY	40223
155 Owensboro	P.O. Box 1627	1925 Frederica Street		Owensboro	KY	42302
				Locations within KENTUCKY	5	
				Profit Centers within KENTUCKY	4	

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
LOUISIANA (LA)						
561 Alexandria	PO Box 5545 (zip 71307-5545)	4615 Parliament Street	Suite 200	Alexandria	LA	71303
561 Alexandria		1131 Pithon Street		Lake Charles	LA	70601
110 Baton Rouge		7444 Picardy Avenue		Baton Rouge	LA	70808
464 Hull-Louisiana		3850 N. Causeway Blvd.	Suite 710	Metairie	LA	70002
88 Lafayette	P.O. Box 81248 (zip 70598)	102 Asma Blvd.	Suite 300	Lafayette	LA	70508
88 Lafayette	P.O. Box 398	1111 Crescent Ave.		Lockport	LA	70374
528 New Orleans		1555 Poydras Street	Suite 1700	New Orleans	LA	70112
528 New Orleans		3840 Highway 22		Mandeville	LA	70471
563 Protocols		218 Rue Chardonnay		Abita Springs	LA	70420
156 PSR-Louisiana		3850 N. Causeway Blvd.	Suite 710	Metairie	LA	70002
				Locations within LOUISIANA	9	
				Profit Centers within LOUISIANA	7	
MASSACHUSETTS (MA)						
565 Advocator Group		101 Edgewater Drive	Suite 260	Wakefield	MA	01880
532 Evergreen Re		181 Wells Ave.		Newton	MA	02459
169 Merrimack	P.O. Box 1497	3 Hollis Street		Pepperell	MA	01463
572 Newton		181 Wells Ave.		Newton	MA	02459
572 Newton		1 Constitution Center		Charlestown	MA	02129
				Locations within MASSACHUSETTS	4	
				Profit Centers within MASSACHUSETTS	4	
MICHIGAN (MI)						
535 Fenton		1190 Torrey Road		Fenton	MI	48430-3326
166 Proctor		200 Kirts Blvd.	Suite 100	Troy	MI	48084
577 Saginaw		1605 Concentric Boulevard	Suite 1	Saginaw	MI	48604
511 Sterling Heights	P.O. Box 8029	35735 Mound Road		Sterling Heights	MI	48311-8029
				Locations within MICHIGAN	4	
				Profit Centers within MICHIGAN	4	
MINNESOTA (MN)						
532 Evergreen Re		7401 Metro Blvd.	Suite 505	Edina	MN	55439
174 Minneapolis-Mankato		7301 Ohms Lane	Suite 210	Edina	MN	55439-2369
174 Minneapolis-Mankato		530 West Pleasant Street	Suite 100	Mankato	MN	56001-2369
				Locations within MINNESOTA	3	
				Profit Centers within MINNESOTA	2	

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
MISSOURI (MO)						
77 Parcel Insurance Plan	P.O. Box 66708	9666 Olive Blvd.	Suite 200	Olivette	MO	63132
				Locations within MISSOURI 1		
				Profit Centers within MISSOURI 1		
MONTANA (MT)						
408 Big Sky Underwriters		940 Jensen Road		Columbia Falls	MT	59912
408 Big Sky Underwriters		2432 Kemp Street	Suite A	Missoula	MT	59801-7588
408 Big Sky Underwriters		1315 4th Avenue East		Kalispell	MT	59901
				Locations within MONTANA 3		
				Profit Centers within MONTANA 1		
NORTH CAROLINA (NC)						
191 Axiom Re		940 Golf House Road West		Whitsett	NC	27377
482 Hull-North Carolina		14120 Ballantyne Corporate Place	Suite 525	Charlotte	NC	28277
503 PSR-Charlotte		14120 Ballantyne Corporate Place	Suite 525	Charlotte	NC	28277
210 Rochester		940 Golf House Road West		Whitsett	NC	27377
				Locations within NORTH CAROLINA 2		
				Profit Centers within NORTH CAROLINA 4		
NEW HAMPSHIRE (NH)						
169 Merrimack	P.O. Box 979	93 Washington St.		Dover	NH	03820
169 Merrimack	P.O. Box 1510	309 Daniel Webster Highway		Merrimack	NH	03054
563 Protocols		141 Fairmount Avenue		Manchester	NH	03104
				Locations within NEW HAMPSHIRE 3		
				Profit Centers within NEW HAMPSHIRE 2		

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEW JERSEY (NJ)						
145 Acumen RE		307 Fellowship Road	Suite 314	Mt. Laurel	NJ	08054
513 Benefit Advisors		1129 Broad Street	Suite 7	Shrewsbury	NJ	07702
513 Benefit Advisors		80 Lambert Lane	Suite 140	Lambertville	NJ	08530
513 Benefit Advisors		711 East Main Street		Morestown	NJ	08057
513 Benefit Advisors		7 Regent Street		Livingston	NJ	07039
513 Benefit Advisors		430 Mountain Ave.		Murray Hill	NJ	07974
404 DVUA New Jersey		30A Vreeland Road		Florham Park	NJ	07932
188 Florham Park - Benefits	P.O. Box 678	30A Vreeland Rd.		Florham Park	NJ	07932
163 Florham Park - P&C	P.O. Box 679	30A Vreeland Rd.		Florham Park	NJ	07932
160 Marmora		1314 S. Shore Road		Marmora	NJ	08223
160 Marmora		206 W. High Street		Glassboro	NJ	08028
553 Mt Laurel		1433 Hooper Ave.		Toms River	NJ	08753-2200
553 Mt Laurel		1000 Bishops Gate Blvd	Suite 100	Mt. Laurel	NJ	08054
161 Philadelphia		1000 Bishops Gate Blvd		Mt. Laurel	NJ	08054
189 PRNJ	P.O. Box 678	30A Vreeland Rd.		Florham Park	NJ	07932
501 PSR-Atlanta		30A Vreeland Road	Suite 200	Florham Park	NJ	07932

Locations within NEW JERSEY 12
Profit Centers within NEW JERSEY 10

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEW MEXICO (NM)						
63 Albuquerque	P.O. Box 20550 (zip 87154-0550)	5200 Eubank Blvd NE	Suite C3	Albuquerque	NM	87111
63 Albuquerque	P.O. Box 20550 (zip 87154-0550)	409 California Street		Socorro	NM	87801
64 Taos	P.O. Box 857 (zip 87571)	2019 Galisteo St,	N10, Unit D	Santa Fe	NM	87605
64 Taos	P.O. Box 857 (zip 87571)	627 Paseo del Pueblo Sur		Taos	NM	87571

Locations within NEW MEXICO 4
Profit Centers within NEW MEXICO 2

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEVADA (NV)						
96 Las Vegas		975 Kelly Johnson Drive	Suite 100	Las Vegas	NV	89119

Locations within NEVADA 1
Profit Centers within NEVADA 1

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
NEW YORK (NY)						
211 Buffalo		200 John James Audubon Parkway	Suite 301	Amherst	NY	14228
573 Farmingdale		814 Fulton Street		Farmingdale	NY	11735
514 Garden City		595 Stewart Avenue	Suite 600	Garden City	NY	11530-4735
556 IWA		761 Koehler Ave.	Suite 100	Ronkonkoma	NY	11779-7407
212 Jamestown	P.O. Box 1239	415 West 4th Street		Jamestown	NY	14702-1239
567 Manhattan		10 East 40th Street	Suite 3105	New York City	NY	10016
210 Rochester		45 East Avenue		Rochester	NY	14604-2286
210 Rochester		12007 E. Main Street		Wolcott	NY	14590-0220
210 Rochester		182 Main Street		Dannsville	NY	14437
258 Rome, NY	P.O. Box 231	117 West Liberty Street		Rome	NY	13440-0231
98 Syracuse		500 Plum Street	Suite 200	Syracuse	NY	13204-1480
98 Syracuse		36 Washington Avenue	Suite 1	Endicott	NY	13760-1480
98 Syracuse		39 Old Route 146	Suite 102	Clifton Park	NY	12065
524 White Plains		2500 Westchester Ave.		Purchase	NY	10577
				Locations within NEW YORK	14	
				Profit Centers within NEW YORK	10	
OHIO (OH)						
61 Toledo		360 Three Meadows Drive		Perrysburg	OH	43551
				Locations within OHIO	1	
				Profit Centers within OHIO	1	
OKLAHOMA (OK)						
121 Bartlesville	P.O. Box 1628 (74005)	501 East Frank Phillips Blvd.		Bartlesville	OK	74003
143 Oklahoma City	P.O. Box 16340 (zip 3113)	710 Cedar Lake Blvd.	Suite 110	Oklahoma City	OK	73114
103 Pryor	P.O. Box 1320	208 N. Mill		Pryor	OK	74362
533 Tecumseh		120 S. Broadway		Tecumseh	OK	74873
165 TitlePac	P.O. Box 857 (zip 74402)	201 Eastpoint Drive		Muskogee	OK	74403
				Locations within OKLAHOMA	5	
				Profit Centers within OKLAHOMA	5	

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
OREGON (OR)						
198 APEX		411 East 3rd Ave.	Suite 300	Eugene	OR	97401
407 Hull-Portland		6443 SW Beaverton-Hillsdale Hwy	Suite 350	Portland	OR	97221
547 Portland	P.O. Box 29018 (zip 97296-9018)	2701 NW Vaughn St.	Suite 340	Portland	OR	97210
				Locations within OREGON	3	
				Profit Centers within OREGON	3	
PENNSYLVANIA (PA)						
111 AFC		3101 Emrick Blvd.	Suite 318	Bethlehem	PA	18020
198 APEX		2 Walnut Grove Drive	Suite 210	Horsham	PA	19044
183 B&B Healthcare		2005 Market Street	Suite 3510	Philadelphia	PA	19103
149 Bethlehem	P.O. Box 25001, Lehigh Valley (zip	3001 Emrick Blvd.	Suite 120	Bethlehem	PA	18020
406 DVUA West Virginia		One Forestwood Drive	Suite 201	Pittsburg	PA	15237
532 Evergreen Re		450 S. Gravers Road	Suite 200	Plymouth Meeting	PA	19462
401 Hul-Horsham		2 Walnut Grove Drive	Suite 210	Horsham	PA	19044
70 Jacksonville		2123 Johns Ridge Rd		Coraopolis	PA	15108
161 Philadelphia		2005 Market Street	Suite 3510	Philadelphia	PA	19103
562 Philadelphia-Brokerage		2005 Market Street	Suite 3510	Philadelphia	PA	19103
546 Plymouth Meeting		600 Wilson Lane	Suite 200	Mechanicsburg	PA	17055
546 Plymouth Meeting		450 S. Gravers Rd.	Suite 200	Plymouth Meeting	PA	19462
563 Protocols		1529 Sheepford Rd.		Mechanicsburg	PA	17055
				Locations within PENNSYLVANIA	10	
				Profit Centers within PENNSYLVANIA	12	
SOUTH CAROLINA (SC)						
285 Charleston	P.O. Box 62588 (zip 29419)	7515 Northside Drive	Suite 150	Charleston	SC	29420
288 Greenville	P.O. Box 16837	10 Falcon Crest Drive	Suite 100	Greenville	SC	29607
287 Spartanburg	P.O. Box 5139	103 N. Pine Street	Suite A	Spartanburg	SC	29302-5139
				Locations within SOUTH CAROLINA	3	
				Profit Centers within SOUTH CAROLINA	3	

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
TENNESSEE (IN)						
532 Evergreen Re		1119 Oak Creek Drive		Nolensville	TN	37135
575 Nashville		4990 Poplar, 3rd Floor		Memphis	TN	38117
575 Nashville		565 Marriott Drive	Suite 500	Nashville	TN	37214
575 Nashville		701 Market Street	Suite 500	Chattanooga	TN	37402

Locations within TENNESSEE 4
Profit Centers within TENNESSEE 2

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
TEXAS (TX)						
198 APEX		404 East Ramsey Rd.	Suite 114	San Antonio	TX	78216
167 Austin		11149 Research Blvd		Austin	TX	78759
191 Axiom Re		2301 N. Greenville Ave.	Suite 230	Richardson	TX	75082
515 Combined	PO Box 819045, Dallas TX 75381-	14785 Preston Rd.	Suite 350	Dallas	TX	75254-7876
172 HIP, Inc.		800 Gessner	Ste.325	Houston	TX	77024
82 Houston		10700 North Freeway	Suite 300	Houston	TX	77037-1103
442 Hull-Texas		11777 Katy Freeway	Suite 435	Houston	TX	77079
442 Hull-Texas		12801 N. Central Expressway	Suite 1100	Dallas	TX	75243
582 ICG		2777 N. Stemmons Freeway	Suite 940	Dallas	TX	75207
582 ICG		712 8th Street, 2nd Floor		Wichita Falls	TX	76301
7 Lawyers		7407 Bluefield Drive		Dallas	TX	75248
8 Professional Service Plan		505 Tator Brown Road		Red Oak	TX	75154
8 Professional Service Plan		7557 Rambler Road	Suite 565	Dallas	TX	75231
192 PRU-Dallas		12215 La Charca		San Antonio	TX	78233
192 PRU-Dallas		101 W. Renner Road	Suite 450	Richardson	TX	75082
568 PSR-Texas		2301 N. Greenville Ave.	Suite 230	Richardson	TX	75082
144 San Antonio		135 Paseo Del Prado	Suite 31	Edinburg	TX	78230
144 San Antonio		3201 Cherry Ridge Drive	Suite D405	San Antonio	TX	78230

Locations within TEXAS 17
Profit Centers within TEXAS 13

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
VIRGINIA (VA)						
198 APEX		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
532 Evergreen Re		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
411 Hull-Ft. Lauderdale		301 Concourse Blvd.	Suite 100	Glen Allen	VA	23060
80 Manassas		11220 Asset Loop	Suite 304	Manassas	VA	20110
86 Norfolk		500 E. Main Street	Suite 600	Norfolk	VA	23510
286 Richmond	P.O. Box 3070 (zip 23228)	8570 Magellan Parkway	Suite 1100	Richmond	VA	23227

Locations within VIRGINIA 4
Profit Centers within VIRGINIA 6

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
WASHINGTON (WA)						
152 Ephrata		1230 Berschauer Industrial		Ephrata	WA	98823
152 Ephrata		451 Diamond Drive		Ephrata	WA	98823
152 Ephrata		18106 140th Ave. NE	Suite 100	Woodinville	WA	98072-6874
407 Hull-Portland		5775 Soundview Drive	Suite 202B	Gig Harbor	WA	98335
585 Lynden - SSK		501 Judson Street		Lynden	WA	98264
585 Lynden - SSK		2115 Barkley Blvd.	Suite 201	Bellingham	WA	98226
585 Lynden - SSK		501 Front Street		Lynden	WA	98264
547 Portland		506 NE 4th Avenue		Camas	WA	98607
547 Portland		900 Washington Street	Suite 101	Vancouver	WA	98660
547 Portland		2401 W. Main Street	Suite 105	Battle Ground	WA	98604
113 Seattle		1501 Fourth Avenue	Suite 2400	Seattle	WA	98101
571 Seattle-Balcos		192 East Bakerview Road	Suite 202	Bellingham	WA	98226
571 Seattle-Balcos		8746 Mary Ave. NW	Suite 2	Seattle	WA	98117
564 Seattle-DiMartino		1501 Fourth Avenue	Suite 2400	Seattle	WA	98101
564 Seattle-DiMartino		1950 112th Avenue NE	Suite 201	Belleview	WA	98004
114 Tacoma		1145 Broadway Plaza	Suite 700	Tacoma	WA	98402-3583

Locations within WASHINGTON 15
Profit Centers within WASHINGTON 8

Profit Center # and Name	PO Box Information	Street Address	Suite	City	State	Zip Code
WISCONSIN (Wl)						
251 LaCrosse	P.O. Box 1357 (zip 54601)	1131 Main Street		Onalaska	Wl	54601
563 Protocols		5402 Jacob Street		Weston	Wl	54476

Locations within WISCONSIN 2
Profit Centers within WISCONSIN 2

Number of Physical Locations & Profit Centers Per State

Profit Center # and Name	PO Box Information	Street Address	Suite	City		State	Zip Code
WEST VIRGINIA (WV)							
406 DVUA West Virginia		3768 Teays Valley Road	Suite 200	Hurricane		WV	25526
			Locations within WEST VIRGINIA		1		
ENGLAND (UK)			Profit Centers within WEST VIRGINIA		1		
537 Decus Ins Brokers		NB5 Fountain House, Fenchurch St.	Ground floor North	London		UK	EC3M5DJ
			Locations within ENGLAND		1		
			Profit Centers within ENGLAND		1		
TOTAL PROFIT CENTERS:	**172**	**TOTAL LOCATIONS: 227**	**TOTAL STATES:**		**36**		
			TOTAL FOREIGN OFFICES:		**1**		

ARROWHEAD LEASE SUMMARY SCHEDULE

LEASE #	TYPE	ADDRESS	SQ FT	TERM	LANDLORD/ SUBLEASE TENANT
1	LEASE	701 B Street, Floors 20 -22, San Diego, CA 92101	67,703	10 Years (commencement date unknown)	Arden Realty Limited Partnership
1A	SUB-LEASE	701 B Street, Suite 2201, San Diego, CA 92101	3,500	01/01/2009 - 04/20/2014	Dunne & Dunne, LLP
2	LEASE	Carlsbad “Bressi Ranch”	95,000	12 years (commencement date unknown	Red Texas Realty LLC
2A	SUB-LEASE	Carlsbad “Bressi Ranch”, building B	unknown	12 years (commencement date linked to master	American Commercial Management (ACM)
2B	SUB-LEASE	2544 Campbell Place, Carlsbad	19,095		North Coast Medical Supply
2C	SUB-LEASE	2544 Campbell Place, Carlsbad	636	11/15/2010 - 01/15/2014, M	Advanced Cardio Svcs
2D	SUB-LEASE	2544 Campbell Place, Carlsbad	14,133	11/07/2008 - 11/15/2013	Capital Partners Services Corp
3	LEASE	2365 Northside Drive, Suite 450, Mission Valley San Diego	26,913	01/01/2011 - 06/30/2014	Kilroy Realty northside Drive LLC
3A	SUB-LEASE	2365 Northside Drive, Suite 450, Mission Valley San Diego	1,740	03/01/2011 - 12/31/2011	ISCS Inc.
4	LEASE	20280 Acacia Street, Suite 230, Newport Beach CA	2,324	08/01/2011 - 07/31/2014	Acacia Sun West LLC
5	LEASE	Normandale Lake MN		01/01/2011 - 12/31/2011	Regus HQ

Schedule 6.27(b)

MATERIAL PLACES OF BUSINESS

This Schedule is not applicable as the Borrower does not have any tangible personal property which is material to the operations of the Consolidated Company. The only tangible personal property which is owned by the Borrower is generally office equipment which is not material to its business.

Schedule 8.1(b)

EXISTING INDEBTEDNESS

Brown & Brown, Inc. 29-Dec-11

Long Term Debt Schedule – Lead Schedule

30-Nov-11

Branch	Date of Note	Creditor	Balance 11/30/11
Long-Term Credit Agreement:	06/28/04	SunTrust LOC	—
Corporate	07/15/04	Variable Annuity - Series B - (RB-1)	32,500,000.00
Corporate	07/15/04	US Life - Series B - (RB-2)	7,500,000.00
Corporate	07/15/04	American Int’l Life - Series B - (RB-3)	5,000,000.00
Corporate	07/15/04	AIG Life - Series B - (RB-4)	5,000,000.00
Corporate	07/15/04	New York Life - Series B - (RB-5)	9,500,000.00
Corporate	07/15/04	New York Life 2 - Series B - (RB-6)	5,000,000.00
Corporate	07/15/04	New York Life 3 - Series B - (RB-7)	500,000.00
Corporate	07/15/04	Prudential - Series B - (RB-8)	10,500,000.00
Corporate	07/15/04	Hare & Co. - Series B - (RB-9)	3,850,000.00
Corporate	07/15/04	American Bankers - Series B - (RB-10)	2,000,000.00
Corporate	07/15/04	American Memorial - Series B - (RB-11)	2,000,000.00
Corporate	07/15/04	Fortis Insurance - Series B - (RB-12)	1,150,000.00
Corporate	07/15/04	John Alden Life - Series B - (RB-13)	1,500,000.00
Corporate	07/15/04	Phoenix Life - Series B - (RB-14)	4,000,000.00
Corporate	07/15/04	PHL - Series B - (RB-15)	500,000.00
Corporate	07/15/04	PHL 2 - Series B - (RB-16)	1,500,000.00
Corporate	07/15/04	Life Ins. - Of the SW - Series B - (RB-17)	6,000,000.00
Corporate	07/15/04	Assurity Life Insurance Company - Series B - (RB-18)	2,000,000.00
Corporate	12/22/06	Prudential - Managed - Series C - (RC-1)	11,300,000.00
Corporate	12/22/06	PRIAC - Series C - (RC-2)	12,500,000.00
Corporate	12/22/06	Prudential Series C - (RC-3)	1,200,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-1)	12,500,000.00
Corporate	02/01/08	The Prudential Insurance Company - Series D - (RD-2)	9,250,000.00
Corporate	02/01/08	How & Co. Series D - (RD-3)	3,250,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-1)	82,655,000.00
Corporate	09/15/11	The Prudential Insurance Company of America - Series E - (RE-2)	3,250,000.00
Corporate	09/15/11	Prudential Retirement Insurance and Annuity Company - Series E - (RE-3)	4,320,000.00
Corporate	09/15/11	Prudential Retirement Guaranteed Cost Business Trust - Series E - (RE-4)	3,100,000.00
Corporate	09/15/11	Pruco Life Insurance Company of New Jersey - Series E - (RE-5)	3,675,000.00
Corporate	09/15/11	MTL Insurance Company - Series E -(RE-6)	3,000,000.00
Sub-Total			**$ 250,000,000.00**
Acquisitions:			
Atlanta	07/02/10	Ebarhart & Company Insurors, Inc.	66,666.67
Plymouth Meeting	10/01/10	Greystone Benefits (Daniel McCornick)	168,197.99
Syracuse	12/08/10	Ladd’s Agency (Indemnity Holdback)	245,964.08
Syracuse	12/08/10	Ladd’s Agency (Martino Holdback)	70,000.00
Portland	01/11/11	Nies Insurance Agency, Inc.	549,507.36
Seattl-Balcos	07/11/11	Combined Insurance Services Corp.	74,600.00
Saginaw	09/01/11	Public Employee Benefits Solutions, LLC	570,000.00
Sub -Total			**$ 1,744,936.10**
Total Debt			**$ 251,744,936.10**

Schedule 8.2

EXISTING LIENS

-NONE-

Schedule 8.5

PERMITTED INVESTMENTS

Brown & Brown, Inc.
Summary of Investments
September 30, 2011

29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
Short-Term Investments:								
Preferred Stock (Account # 11241)								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Preferred Stock						0.00	0.00	0.00
Partnerships (Account # 11265):								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Partnerships						0.00	0.00	0.00
Bonds (Account # 11245):								
N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Bonds						0.00	0.00	0.00
Common Stock (Account # 11270):								
Selective Insurance Group	06/01/98	Corp	SIGI/NASDAQ	Current	Available-for-Sale	2,004.98	25,000.00	26,164.99
Total Common Stock						2,004.98	25,000.00	26,164.99
Non-Marketable Securities (Account #11271):								
Open	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Open	N/A	N/A	N/A	N/A	N/A	0.00	0.00	0.00
Total Non-Marketable Sec.						0.00	0.00	0.00
Other Short-Term Investments (Account # 11275):								
CD - Alliance Bank (Macduff America - Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Alliance Bank (Macduff America-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD- Alliance Bank (Madoline-Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (Madoline-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD- Alliance Bank (B&B Inc - Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (B&B Inc-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD - Alliance Bank (Program Mgt Serv-Syracuse)	12/31/2010	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Alliance Bank (Program Mgt Serv-Syracuse) - Corp Interest	12/31/2010	Corp	NA	Current	Non-Marketable	212.33	212.33	212.33
CD - Community Bank (B&B Inc-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Community Bank (Macduff America-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Community Bank (Program Mgt Serv-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD- Community Bank (Madoline-Syracuse)	5/20/2011	Syracuse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-RCB Bank - Brown & Brown Agency of Insurance Prof (Pryor)	5/10/2011	Pryor	NA	Current	Non-Marketable	15,944.20	15,944.20	15,944.20
CD- RCB Bank - Brown & Brown Agency of Insurance Prof (Pryor) - Corp Interest	5/10/2011	Pryor	NA	Current	Non-Marketable	5.66	5.66	5.66
CD - State Bank - (B&B Inc) - LaCrosse	5/24/2011	Lacrosse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - State Bank - (B&B of WI) - LaCrosse	5/24/2011	Lacrosse	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - First Community Bank - John Manner Insurance - Joliet	8/19/2011	Joliet	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - First Community Bank - John Manner Insurance - Joliet Interest	8/19/2011	Corp	NA	Current	Non-Marketable	168.50	168.50	168.50
CD - Citizens Bank - B&B Inc - (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD - Citizens Bank - B&B Inc- (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD - Citizens Bank - Madoline -	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00

(Proctor)								
CD - Citizens Bank - Madoline-(Proctor) - Corp Interest	6/30/2011	Crop	NA	Current	Non-Marketable	130.26	130.26	130.26
CD - Citizens Bank - Macduff (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00

Brown & Brown, Inc.
Summary of Investments
September 30, 2011

29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
CD-Citizens Bank - Macduff (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - (Proctor Financial)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - (Proctor Financial) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - Program Mgt Serv (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - Program Mgt Serv (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Citizens Bank - B&B Protector Plan (Proctor)	6/30/2011	Proctor	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Citizens Bank - B&B Protector Plan (Proctor) Corp Interest	6/30/2011	Corp	NA	Current	Non-Marketable	130.26	130.26	130.26
CD-Republic Bank - B&B of KY - (Owensboro)	5/3/2011	Owensboro	NA	Current	Non-Marketable	100,000.00	100,000.00	100,000.00
CD-Republic Bank - B&B of KY (Owensboro) Corp interest	5/3/2011	Corp	NA	Current	Non-Marketable	165.48	165.48	165.48
CD-Fidelity Bank - B&B Inc (Orlando)	6/27/2011	Orlando	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Fidelity Bank - B&B of Florida (Orlando)	6/27/2011	Orlando	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Greater Rome Bank - B&B of GA - (Rome, GA)	10/24/2010	Rome, GA	NA	Current	Non-Marketable	100,000.00	100,000.00	100,000.00
CD-Greater Rome Bank - B&B of GA - (Rome, GA) - Corp Interest	10/24/2010	Rome, GA	NA	Current	Non-Marketable	853.05	853.05	853.05
CD-Regal Bank - Madoline - (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Madoline - (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - B&B Inc (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - B&B Inc (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - Program Mgt Ser - (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Program Mgt Ser - (Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - B&B Protector Plan - (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - B&B Protector Plan -(Florham Park-P&C)-Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-Regal Bank - Macduff - (Florham Park-P&C)	10/16/2010	Florham Park	NA	Current	Non-Marketable	211,283.01	211,283.01	211,283.01
CD-Regal Bank - Macduff -(Florham Park-P&C) - Corp Interest	10/16/2010	Corp	NA	Current	Non-Marketable	2,727.83	2,727.83	2,727.83
CD-American Momentum Bank - B&B of Florida - (Pinellas)	6/26/2011	Pinellas	NA	Current	Non-Marketable	104,770.89	104,770.89	104,770.89
CD-American Momentum Bank - B&B of Florida- (Pinellas)-Corp Interest	6/26/2011	Corp	NA	Current	Non-Marketable	179.11	179.11	179.11
CD-American Momentum Bank - B&B of Florida - (Pinellas)	6/26/2011	Pinellas	NA	Current	Non-Marketable	104,770.89	104,770.89	104,770.89
CD-American Momentum Bank - B&B of Florida - (Pinellas)-Corp Interest	6/26/2011	Corp	NA	Current	Non-Marketable	179.11	179.11	179.11
CD-Citizens First Bank- B&B of Florida (Leesburg)	7/9/2011	Leesburg	NA	Current	Non-Marketable	248,000.00	248,000.00	248,000.00
CD-Citizens First Bank- B&B of Florida (Leesburg) - Corp Interest	7/9/2011	Corp	NA	Current	Non-Marketable	507.55	507.55	507.55
CD-United Southern Bank - B&B of Florida (Leesburg)	7/21/2011	Leesburg	NA	Current	Non-Marketable	249,277.70	249,277.70	249,277.70
CD-United Southern Bank - B&B of Florida (Leesburg) - Corp Interest	7/21/2011	Corp	NA	Current	Non-Marketable	363.67	363.67	363.67
CD-Reunion Bank - B&B of Florida (Leesburg)	4/20/2011	Leesburg	NA	Current	Non-Marketable	250,000.00	250,000.00	250,000.00
CD-Reunion Bank - B&B of Florida (Leesburg) - Corp Interest	4/20/2011	Corp	NA	Current	Non-Marketable	1,100.82	1,100.82	1,100.82
CD-Community Bank of Broward - B&B of Florida (FL Lauderdale)	3/24/2011	FL Lauderdale	NA	Current	Non-Marketable	256,702.85	256,702.85	256,702.85
CD-Whitney Bank - B&B of Louisiana (New Orleans)	6/10/2010	New Orleans	NA	Current	Non-Marketable	29,530.21	29,530.21	29,530.21
CD-Stockyards Bank - B&B of Kenlucky (Louisville)	2/25/2011	Louisville	NA	Current	Non-Marketable	150,000.00	150,000.00	150,000.00
CD-Stockyards Bank - B&B of Kenlucky (Louisville) - Corp Interest	2/25/2011	Corp	NA	Current	Non-Marketable	671.94	671.94	671.94
CD-PBI Bank - B&B of Kenlucky (Louisville)	2/23/2011	Louisville	NA	Current	Non-Marketable	150,000.00	150,000.00	150,000.00

Brown & Brown, Inc.
Summary of Investments
September 30, 2011

29-Dec-11

Description	Date Purchased	Branch	Symbol /Exchange	Current or Non-Current	Available-for-Sale or Non-Marketable	Number of Shares 09/30/11	Cost 09/30/11	Market Value Total
CD-PBI Bank - B&B of Kentucky (Louisville) - Corp Interest	2/23/2011	Corp	NA	Current	Non-Marketable	1,164.66	1,164.66	1,164.66
Total Other Short-Term Investments						7,586,041.36	7,586,041.36	7,586,041.36
Total Short-Term Investments							7,611,041.36	7,612,206.35
Long-Term Investments:								
Investments (Account # 12110):								
State of Israel Bond	08/15/10	Corp	NA	Non-Current	Non-Marketable	502,524.66	502,524.66	502,524.66
MacDuff Underwriters	07/17/90	Corp	NA	Non-Current	Non-Marketable	0.00	100.00	100.00
United Agents Holdings	10/04/95	Corp	NA	Non-Current	Non-Marketable	1500.00	15,000.00	15,000.00
Total Investments						504,024.66	517,624.66	517,624.66
Total All Investments							8,128,666.02	8,129,831.01

Schedule 9.10

PERMITTED STOCKHOLDERS

J. Hyatt Brown
J. Powell Brown

Exhibit 21

Brown & Brown, Inc. is the sole owner of the following corporations either directly or indirectly:

Acumen Re Management Corporation (DE)
Advocator Group Holding Company, Inc. (FL)
Advocator Group, LLC (The) (FL)
AFC Insurance, Inc. (PA)
AG Insurance Services, LLC (FL)
AGIA Premium Finance Company (CA)
Alexander Anthony Insurance , LLC (UT)
Allocation Services, Inc. (FL)
American Claims Management, Inc. (CA)
American Specialty Insurance & Risk Services, Inc. (IN)
Apex Insurance Agency, Inc. f/k/a Program Management Services, Inc. (VA)
Arrowhead General Insurance Agency Holding Corp. (DE)
Arrowhead General Insurance Agency Superholding Corp. (DE)
Arrowhead General Insurance Agency, Inc. (MN)
Axiom Re, Inc. (FL)
Azure International Holding Co. (DE)
B & B Protector Plans, Inc. (FL)
B&B TN Holding Company, Inc. (DE)
Braishfield Associates of New York, Inc. (NY)
Braishfield Associates, Inc. (FL)
Brown & Brown Agency of Insurance Professionals, Inc. (OK)
Brown & Brown Benefit Advisors, Inc. f/k/a Grinspec, Inc. (NJ)
Brown & Brown Disaster Relief Foundation, Inc. (FL - non-profit)
Brown & Brown Insurance Agency of Virginia, Inc. (VA)
Brown & Brown Insurance Brokers of Sacramento, Inc. (CA)
Brown & Brown Insurance of Arizona, Inc. (AZ)
Brown & Brown Insurance of Georgia, Inc. (GA)
Brown & Brown Insurance of Nevada, Inc. (NV)
Brown & Brown Insurance Services of the Bay Area, Inc. (CA)
Brown & Brown Insurance Services of California, Inc. f/k/a Brown & Brown of Northern California, Inc. (CA)
Brown & Brown Lone Star Insurance Services, Inc. (TX)
Brown & Brown Metro, Inc. (NJ)
Brown & Brown of Arkansas, Inc. (AR)
Brown & Brown of Bartlesville, Inc. (OK)
Brown & Brown of Central Carolina, Inc. (NC)
Brown & Brown of Central Michigan, Inc. (MI)
Brown & Brown of Central Oklahoma, Inc. (OK)
Brown & Brown of Colorado, Inc. (CO)
Brown & Brown of Connecticut, Inc. (CT)

Brown & Brown of Delaware, Inc. (DE)
Brown & Brown of Detroit, Inc. f/k/a Alcos, Inc. (MI)
Brown & Brown of Florida, Inc. f/k/a B & B Insurance Services, Inc. (FL)
Brown & Brown of Garden City, Inc. f/k/a Ernest Smith Insurance Agency, Inc. (FL)
Brown & Brown of Illinois, Inc. (IL)
Brown & Brown of Indiana, Inc. (IN)
Brown & Brown of Iowa, Inc. (IA)
Brown & Brown of Kentucky, Inc. (KY)
Brown & Brown of Lehigh Valley, Inc. (PA)
Brown & Brown of Louisiana, Inc. (LA)
Brown & Brown of Massachusetts, LLC (MA)
Brown & Brown of Michigan, Inc. (MI)
Brown & Brown of Minnesota, Inc. (MN)
Brown & Brown of Missouri, Inc. (MO)
Brown & Brown of Nashville, Inc. (TN)
Brown & Brown of New Hampshire, Inc. (NH)
Brown & Brown of New Jersey, Inc. (NJ)
Brown & Brown of New Mexico, Inc. (NM)
Brown & Brown of New York, Inc. (NY)
Brown & Brown of North Dakota, Inc. (ND)
Brown & Brown of Northern Illinois, Inc. f/k/a John Manner Insurance Agency, Inc. (IL)
Brown & Brown of Ohio, Inc. (OH)
Brown & Brown of Pennsylvania, Inc. (PA)
Brown & Brown of South Carolina, Inc. (SC)
Brown & Brown of Southwest Indiana, Inc. (IN)
Brown & Brown of Tennessee, Inc. (TN)
Brown & Brown of The West, Inc. f/k/a CITA Insurance Services, Inc. (CA)
Brown & Brown of Washington, Inc. (WA)
Brown & Brown of West Virginia, Inc. (WV)
Brown & Brown of Wisconsin, Inc. (WI)
Brown & Brown Program Insurance Services, Inc. f/k/a Brown & Brown of California, Inc. (CA)
Brown & Brown Realty Co. (DE)
CC Acquisition Corp. (FL)
Colonial Claims Corporation (FL)
Combined Group Insurance Services, Inc. (TX)
Conduit Insurance Managers, Inc. (TX)
Decus Holdings (UK), Limited (UK)—UK Registration No. 000006382677
Decus Insurance Brokers Limited (UK)—UK Registration No. 000006382680
ECC Insurance Brokers, Inc. (IL)
ELOHSSA, Inc. (FL)
Florida Intracoastal Underwriters, Limited Company (FL)
Fullerton & Company, Inc. (OR)
Graham-Rogers, Inc. (OK)
Halcyon Underwriters, Inc. (FL)
Healthcare Insurance Professionals, Inc. (TX)

Hull & Company of New York, Inc. (NY)
Hull & Company, Inc. (FL)
Independent Consulting Risk Management Services, Inc. (CA)
Industry Consulting Group, Inc. f/k/a ICG Acquisition Corp. (FL)
International E&S Insurance Brokers, Inc. (CA)
Investigation Solutions, Inc. (CA)
Irving Weber Associates, Inc. (NY)
Lancer Claims Services, Inc. (NV)
MacDuff America, Inc. (FL)
MacDuff Underwriters, Inc. (FL)
Madoline Corporation (FL)
Monarch Management Corporation (KS)
Peachtree Special Risk Brokers of New York, LLC (NY)
Peachtree Special Risk Brokers, LLC (GA)
Peachtree Special Risk Insurance Brokers of NV, Inc. (NV)
Preferred Governmental Claim Solutions, Inc. (FL)
Premier Interpreting & Transportation, Inc. (CA)
Proctor Financial, Inc. (MI)
Program Management Services, Inc. (FL)
Public Risk Underwriters Insurance Services of Texas, LLC (TX)
Public Risk Underwriters of Florida, Inc. (FL)
Public Risk Underwriters of Georgia, Inc. (GA)
Public Risk Underwriters of Illinois, LLC (IL)
Public Risk Underwriters of Indiana, Inc. (IN)
Public Risk Underwriters of New Jersey, Inc. (NJ)
Public Risk Underwriters of the Northwest, Inc. (WA)
Public Risk Underwriters, Inc. (FL)
Risk Management Associates, Inc. (FL)
Superior Recovery Services, Inc. (CA)
Title Pac, Inc. (OK)
USIS, Inc. (FL)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 33-41204 on Form S-8, as amended by Amendment No. 1 (Form S-8 No. 333-04888) and in Registration Statement Nos. 333-14925, 333-43018, 333-109322, 333-109324, and 333-109327 on Forms S-8 and No. 333-157695 on Form S-3 of our report dated February 29, 2012, relating to the consolidated financial statements of Brown & Brown, Inc. and subsidiaries ("Brown & Brown"), and the effectiveness of Brown & Brown's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Brown & Brown for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 29, 2012

Exhibit 24

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ SAMUEL P. BELL III

Samuel P. Bell, III

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ HUGH M BROWN

Hugh M. Brown

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ THEODORE J. HOEPNER
Theodore J. Hoepner

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2011 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 she 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/ TONI JENNINGS
Toni Jennings

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ TIMOTHY R.M. MAIN
Timothy R.M. Main

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ WENDELL S. REILLY

Wendell S. Reilly

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, 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 2011 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/ JOHN R. RIEDMAN
John R. Riedman

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2011 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 she 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/ CHILTON D. VARNER
Chilton D. Varner

Dated: January 18, 2012

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Jennifer A. Hayes, 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 2011 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: January 18, 2012

Exhibit 31.1

CERTIFICATIONS

I, J. Hyatt Brown, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ J. Hyatt Brown

J. Hyatt Brown
Acting President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Cory T. Walker, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, J. Hyatt Brown, Acting Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 29, 2012

/s/ J. Hyatt Brown

J. Hyatt Brown
Acting President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, Cory T. Walker, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 29, 2012

/s/ Cory T. Walker

Cory T. Walker
Chief Financial Officer