UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2006

OR

o **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 x No o

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 o No x

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 x No o

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

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

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant, computed by reference to the last reported price at which the stock was sold on June 30, 2006 (the last business day of the registrant's most recently completed second fiscal quarter) was $3,249,721,264.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Check one:

Large accelerated filer x Accelerated filer o Non-accelerated filer o

The number of outstanding shares of the registrant's Common Stock, $.10 par value, outstanding as of February 26, 2007 was 140,483,559.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2007 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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PART I

ITEM 1. ***Business.***

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 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," "expect," "anticipate," "believe," "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 those reports, statements, information and announcements 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 additions to those matters described in Item 1A "Risk Factors":

- material adverse changes in economic conditions in the markets we serve;

- future regulatory actions and conditions in the states in which we conduct our business;

- competition from others in the insurance agency, wholesale brokerage and service business;

- a significant portion of business written by Brown & Brown is for customers located in California, Florida, Georgia, Michigan, New Jersey, New York, Pennsylvania and Washington. Accordingly, the occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in any of these states could have a material adverse effect on our business, although no such conditions have been encountered in the past;

- the integration of our operations with those of businesses or assets we have acquired or may acquire in the future and the failure to realize the expected benefits of such integration; and

- other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission ("SEC") filings.

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, 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.

General

We are a diversified insurance agency, wholesale brokerage 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 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. The commission is 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, a commission is shared with other agents or brokers who have acted jointly with us in a transaction. We may also receive from an insurance company a “contingent commission”, which is a profit-sharing commission based primarily on underwriting results, but may also contain considerations for volume, growth and/or retention. Fees are principally generated by our Services Division, which offers third-party claims administration, consulting for the self-funded workers’ compensation insurance market, and managed healthcare services. The amount of our revenue from commissions and fees is a function of, among other factors, continued new business production, retention of existing customers, acquisitions and fluctuations in insurance premium rates and insurable exposure units.

Premium pricing within the property and casualty insurance underwriting industry has 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 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, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing into 2003. During 2003, the increases in premium rates began to moderate and, in certain lines of insurance, the 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 the insurance carriers from these hurricanes, the 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, the insurance premium rates, in general, declined during 2006.

As of December 31, 2006, our activities were conducted in 179 locations in 35 states as follows:

Florida	40	Arkansas	3
Texas	12	North Carolina	3
California	11	South Carolina	3
Georgia	9	Wisconsin	3
New York	9	Connecticut	2
New Jersey	7	Massachusetts	2
Colorado	7	Minnesota	2
Illinois	7	Montana	2
Pennsylvania	6	New Hampshire	2
Washington	6	Hawaii	1
Virginia	6	Kansas	1
Arizona	5	Kentucky	1
Indiana	4	Missouri	1
Louisiana	4	Nebraska	1
Michigan	4	Ohio	1
New Mexico	4	Utah	1
Nevada	4	West Virginia	1
Oklahoma	4		

Business Combinations

Beginning in 1993 through 2006, we acquired 237 insurance intermediary operations, excluding acquired books of business (customer accounts), that had aggregate estimated annual revenues of $627.0 million for the 12 calendar months immediately preceding the dates of acquisition. Of these, 32 operations were acquired during 2006, with aggregate estimated annual revenues of $56.4 million for the 12 calendar months immediately preceding the dates of acquisition and 32 operations were acquired during 2005, with aggregate estimated annual revenues of $123.0 million for the 12 calendar months immediately preceding the dates of acquisition. During 2004, 32 operations were acquired with aggregate estimated annual revenues of $103.3 million for the 12 calendar months immediately preceding the dates of acquisition.

See Note 2 to the Consolidated Financial Statements for a summary of our 2006 and 2005 acquisitions.

From January 1, 2007 through March 1, 2007, Brown & Brown acquired the assets and assumed certain liabilities of five insurance intermediaries, a book of business and the outstanding stock of two general insurance agency. The aggregate purchase price of these acquisitions was $47,569,000, including $40,818,000 of net cash payments, the issuance of $3,869,000 in notes payable and the assumption of $2,882,000 of liabilities. See Note 17 to the Consolidated Financial Statements for a summary of our 2007 acquisitions.

DIVISIONS

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 is comprised of two units: Professional Programs, which provides professional liability and related package products for certain professionals; and Special Programs, which markets targeted products and services designated for specific industries, trade groups, public entities, and market niches. The Wholesale Brokerage Division markets and sells excess and surplus commercial insurance and reinsurance, primarily through independent agents and brokers. The Services Division provides clients 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, and Medicare Secondary Payer statute compliance-related services.

The following table sets forth a summary of (1) the commissions and fees revenue (revenues from external customers) generated by each of our reportable operating segments for 2006, 2005 and 2004, and (2) the percentage of our total commissions and fees revenue represented by each segment for each such period:

(in thousands, except percentages)	2006	%	2005	%	2004	%
Retail Division	$ 516,489	59.7%	$ 489,566	63.1%	$ 457,936	71.8%
National Programs Division	156,996	18.2	133,147	17.2	111,907	17.5
Wholesale Brokerage Division	159,268	18.4	125,537	16.2	41,585	6.5
Services Division	32,561	3.8	26,565	3.4	25,807	4.0
Other	(651)	(0.1)	728	0.1	1,032	0.2
Total	$ 864,663	100.0%	$ 775,543	100.0%	$ 638,267	100.0%

See Note 16 to the Consolidated Financial Statements for additional segment financial data relating to our business.

Retail Division

As of December 31, 2006, our Retail Division employed 2,613 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 principally sold by us 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 2006, commissions and fees from our largest single Retail Division customer represented less than one percent 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 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, 2006, our National Programs Division employed 666 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. The professional groups serviced by the Professional Programs include dentists, lawyers, optometrists, opticians, insurance agents, financial service representatives, benefit administrators, 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, while certain of the professional liability programs of our CalSurance® and TitlePac® operations 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.

- *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 49 states, the District of Columbia, the U.S. Virgin Islands and Puerto Rico.

- *Lawyers*: The Lawyer's Protector Plan® (LPP®) was introduced in 1983, 10 years after we began marketing lawyers' professional liability insurance. This program is presently offered in 43 states, the District of Columbia and Puerto Rico.

- *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.

- CalSurance®: CalSurance® offers professional liability programs designed for insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers and real estate title agents. CalSurance® also sells commercial insurance packages directly to customers in certain industry niches including destination resort and luxury hotels, independent pizza restaurants, and others. An important aspect of CalSurance® is Lancer Claims Services, which provides specialty claims administration for insurance companies underwriting CalSurance® product lines.

- *TitlePac®*: TitlePac® provides professional liability products and services designed for real estate title agents and escrow agents in 47 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. All of the Special Programs, except for Parcel Insurance Plan® (PIP®), are marketed and sold primarily through independent agents, including certain of our retail offices. Parcel Insurance Plan® markets and sells its insurance product 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:

- *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.

- *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.

- *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 also writes surplus lines property business for its financial institutions clients and acts as a wholesaler for this line of business.

- *American Specialty Insurance & Risk Services, Inc.* provides insurance and risk management services for clients in professional sports, motor sports, amateur sports, and the entertainment industry.

- *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.

- *Professional Risk Specialty Group* is a specialty insurance agency providing liability insurance products to various professional groups.

- *AFC Insurance, Inc.* ("AFC") is a managing general underwriter, specializing in tailored insurance products for 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, and drug and alcohol facilities and programs for the developmentally disabled.

- *Acumen Re Management Corporation* is a reinsurance underwriting management organization, primarily acting as an outsourced specific excess workers' compensation facultative reinsurance underwriting facility.

- Commercial Programs serves the insurance needs of certain specialty trade/industry groups. Programs offered include:

  - *Wholesalers & Distributors Preferred Program®*. Introduced in 1997, this program provides property and casualty protection for businesses principally engaged in the wholesale-distribution industry.

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

  - *Environmental Protector Plan®*. Introduced in 1998, this program provides a variety of specialized coverages, primarily to municipal mosquito control districts.

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

Wholesale Brokerage Division

At December 31, 2006, the Wholesale Brokerage Division employed 1,026 persons. The Wholesale Brokerage Division markets 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. Wholesale Brokerage Division offices represent various U.S. and U.K. surplus lines insurance companies and certain offices are also Lloyd's of London correspondents. The Wholesale Brokerage Division also represents admitted insurance companies for smaller agencies that do not have access to large insurance company representation. Excess and surplus insurance products include 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. Retail insurance agency business is solicited through mailings and direct contact with retail agency representatives.

In March 2005, we acquired the assets of Hull & Company, Inc. and certain affiliated companies ("Hull") with estimated annualized revenues of $63.0 million which along with acquisitions of several other larger wholesale brokerage operations, which essentially tripled the Wholesale Brokerage Division's 2006 and 2005 revenues over its 2004 revenues.

On January 1, 2006, we acquired the assets of Axiom Intermediaries, LLC. ("Axiom"), which specializes in treaty and facultative reinsurance brokerage services. Axiom's total revenues in 2006 were $11.5 million.

In September 2006, we acquired the assets of Delaware Valley Underwriting Agency, Inc. and certain affiliated companies with estimated annualized revenues of $15.0 million.

Services Division

At December 31, 2006, our Services Division employed 330 persons and provided the following services: (1) insurance-related services, including comprehensive risk management and third-party administration ("TPA") services for insurance entities and self-funded or fully-insured workers' compensation and liability plans; (2) comprehensive medical utilization management services for both workers' compensation and all-lines liability insurance plans: and (3) Medicare Secondary Payer statute compliance-related services.

The Services Division's workers' compensation and liability plan TPA 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. In 2006, our three largest workers' compensation contracts represented approximately 57.0% of our Services Division's fees revenue, or approximately 1.5% of our total consolidated commissions and fees revenue. In addition, the Services Division provides managed care services, including medical networks, case management and utilization review services, certified by the American Accreditation Health Care Commission.

In 2004, we sold our Louisiana-based employee benefits TPA. We currently have no operations in the employee benefits TPA business and have no current plans to re-enter this area of the services business.

Employees

At December 31, 2006, we had 4,733 employees. We have agreements with our sales employees and certain other employees that include provisions restricting their right to solicit our insured customers and employees 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 insured 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. There are a number of firms and banks with substantially greater resources and market presence that compete with us in the southeastern United States and elsewhere. This situation 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 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 writing has 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 experience further consolidation, which in turn has resulted and could further 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 or brokers 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 otherwise subjected to penalties by, a particular state.

Available Information

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 Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules promulgated thereunder, as soon as reasonably practicable after electronically filing or furnishing such material to the Securities and Exchange Commission.

The charters of the Audit, Compensation and Nominating/Governance Committees of our Board of Directors as well as our Corporate Governance Guidelines 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.

ITEM 1A. ***Risk Factors***

As referenced, this Annual Report on Form 10-K includes certain forward-looking statements regarding various matters. The ultimate correctness of those forward-looking statements is dependent upon a number of known and unknown risks and events, and is subject to various uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied by those statements. Undue reliance should not be placed on those forward-looking statements. The following important factors, among others, as well as those factors set forth in our other SEC filings from time to time, could affect future results and events, causing results and events to differ materially from those expressed or implied in our forward-looking statements. The risks and uncertainties described below are not the only ones facing Brown & Brown Inc. and its subsidiaries. Additional risks and uncertainties, not presently known to us or otherwise, may also impair our business operations.

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 insurance agency and wholesale brokerage activities 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. From the mid-1980s through 1999, general premium levels were depressed as a result of the expanded underwriting capacity of insurance companies and increased competition. In many cases, insurance companies lowered commission rates and increased volume requirements. Significant reductions in premium rates occurred during the years 1986 through 1999. As a result of increasing "loss ratios" (the comparison of incurred losses plus loss adjustment expenses against earned premiums) experience by insurance companies through 1999, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing into 2003. During 2004, there was a rapid transition as previously stable or increasing rates fell in most markets. These rate declines were most pronounced in the property and casualty market, with rates falling between 10% and 30% by year-end. Rate declines continued on a moderated basis through 2006, with the exception of premium rates on coastal property, which increased.

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 reduce further 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, our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures may have to be adjusted to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect the results of our operations.

OUR BUSINESS PRACTICES AND COMPENSATION ARRANGEMENTS ARE SUBJECT TO UNCERTAINTY DUE TO INVESTIGATIONS BY GOVERNMENTAL AUTHORITIES AND 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 and related private litigation. 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 it is not possible to 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 material decrease in our profit-sharing contingent commissions is likely to have an adverse effect on our results of operations.

WE ARE SUBJECT TO A NUMBER OF INVESTIGATIONS AND LEGAL PROCEEDINGS WHICH, IF DETERMINED UNFAVORABLY FOR US, MAY ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

In addition to routine litigation and disclosed governmental investigations and requests for information, we have been named as a defendant in two purported class actions brought against a number of insurance intermediaries and insurance companies, and have received a derivative demand from counsel for a purported shareholder which could result in a purported securities class action based on claimed improprieties in the manner in which we are compensated by insurance companies. The final outcome of these and similar matters, and related costs, cannot be determined. An unfavorable resolution of these matters could 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 FACTUAL AND POTENTIAL CLAIMS, LAWSUITS AND PROCEEDINGS.

We may be subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in connection with the placement of insurance in the ordinary course of business. Because we often assist clients with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims, errors and omissions claims against us may arise which allege 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 clients, provide insurance companies with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold for our clients on a fiduciary basis. We have established provisions against these potential matters which 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 have, subject to our self-insured deductibles, 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 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 TWO INSURANCE COMPANIES, THE LOSS OF WHICH COULD RESULT IN ADDITIONAL EXPENSE AND LOSS OF MARKET SHARE.

For the year ended December 31, 2006, approximately 5.3% and 4.9%, respectively, of our total revenues were derived from insurance policies underwritten by two separate insurance companies, respectively. For the year ended December 31, 2005, approximately 8.0% and 5.4%, respectively, of our total revenues were derived from insurance policies underwritten by two separate insurance companies, respectively. 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% or more of our total revenues.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN CALIFORNIA, FLORIDA, GEORGIA, MICHIGAN, NEW JERSEY, NEW YORK, PENNSYLVANIA 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, Michigan, New Jersey, New York, Pennsylvania and Washington. For the years ended December 31, 2006 and December 31, 2005, we derived $617.5 million, or 71.4%, and $570.3 million, or 73.5%, of our commissions and fees from our operations located in these states, respectively. We believe that these revenues are attributable predominately to clients in these states. We believe the regulatory environment for insurance agencies in these states currently is no more restrictive than in other states. The insurance business is a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in a few states, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance agencies 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 and results of operations.

OUR GROWTH STRATEGY DEPENDS IN PART ON THE ACQUISITION OF OTHER INSURANCE INTERMEDARIES, 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 insurance agencies, brokers and other intermediaries. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets will require us to continue to implement and improve our operations, financial, and management information systems. Integrated, acquired businesses may not achieve levels of revenue, profitability, or productivity comparable to our existing operations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with entities that have substantially greater resources. 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; and tax and accounting issues, some or all of which could have a material adverse effect on the results of our operations and our financial condition.

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

The insurance intermediaries business is highly competitive and we actively compete with numerous firms for clients 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 clients 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 states legislatures. Among the provisions considered for inclusion 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 result in a reduction in the demand for liability insurance policies or 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 in California and certain other states. These state funds 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. 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 OVERRIDES 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 overrides paid by insurance companies. Profit-sharing contingent commissions are special revenue-sharing commissions paid by insurance companies based upon the volume and the growth and/or profitability 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. The aggregate of these commissions generally accounts for 5.2% to 5.6% of the previous year’s total annual revenues over the last three years. 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. 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. Because these commissions 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 WILL 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 all influencing the insurance business. The Internet, for example, is increasingly used to transmit benefits and related information to clients 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 endeavor to 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 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. The factors that cause these variations are not within our control. Specifically, consumer 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 one of our quarters or years 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 have an adverse effect on our financial condition.

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; 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 and 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 instigated 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 and financial condition.

THE LOSS OF ANY MEMBER OF OUR SENIOR MANAGEMENT TEAM, PARTICULARLY OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER, J. HYATT BROWN, COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION AND FUTURE OPERATING RESULTS.

We believe that our future success partly depends on our ability to attract and retain experienced personnel, including senior management, brokers and other key personnel. The loss of any 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. Although we operate with a decentralized management system, the loss of the services of J. Hyatt Brown, our Chairman and Chief Executive Officer, who beneficially owned approximately 15.3% of our outstanding common stock as of February 23, 2007, and is key to the development and implementation of our business strategy, could adversely affect our financial condition and future operating results. We maintain a $5 million "key man" life insurance policy with respect to Mr. Brown. We also maintain a $20 million insurance policy on the lives of Mr. Brown and his wife. Under the terms of an agreement with Mr. and Mrs. Brown, at the option of the Brown estate, we will purchase, upon the death of the later to die of Mr. Brown or his wife, shares of our common stock owned by Mr. and Mrs. Brown up to the maximum number that would exhaust the proceeds of the policy.

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

At February 23, 2007, our executive officers, directors and certain of their family members collectively beneficially owned approximately 20% of our outstanding common stock, of which J. Hyatt Brown, our Chairman and Chief Executive Officer, beneficially owned approximately 15.3%. 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) the affairs and policies of Brown & Brown.

RECENTLY ENACTED CHANGES IN THE SECURITIES LAWS AND REGULATIONS MAY TO INCREASE OUR COSTS.

The Sarbanes-Oxley Act of 2002 which became law in July 2002, has required changes in some of our corporate governance, securities disclosure and compliance practices. In response to the requirements of that Act, the Securities and Exchange Commission (“SEC”) and the New York Stock Exchange have promulgated new rules on a variety of subjects. Compliance with these new rules has increased our legal and financial and accounting costs, and we expect these increased costs to continue indefinitely. We also expect these developments to 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.

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, 2007 AND FUTURE YEAR-ENDS AS REQUIRED BY SECTION 404 OF THE SARBANES-OXLEY ACT OF 2002, 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 the Sarbanes-Oxley Act of 2002, 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. In addition, the public accounting firm auditing the our financial statements must attest to and report on management's assessment of the effectiveness of the company's internal control over financial reporting. While we continuously conduct a rigorous review of our internal control over financial reporting in order to assure compliance with the Section 404 requirements, 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 decline to attest to management's assessment or to 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 IN THE UNITED STATES OF AMERICA. 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 Securities and Exchange Commission are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in accordance with US 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 and results of operations.

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 179 locations with the exception of Dansville and Jamestown, New York where we own the buildings in which our offices are located. In addition, we own a building in Loreauville, Louisiana where we no longer have an office, as well as a parcel of undeveloped property outside of Lafayette, Louisiana. 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. *Legal Proceedings*.

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

ITEM 4. *Submission of Matters to a Vote of Security Holders.*

No matters were submitted to a vote of security holders during our fourth quarter ended December 31, 2006.

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 dividends declared on our common stock. All per-share amounts have been restated to give effect to the two-for-one common stock split effected on November 28, 2005.

	High	Low	Cash Dividends Per Common Share
2005			
First Quarter	$ 24.27	$ 21.13	$ 0.040
Second Quarter	$ 23.75	$ 21.00	$ 0.040
Third Quarter	$ 25.39	$ 21.31	$ 0.040
Fourth Quarter	$ 31.90	$ 23.85	$ 0.050
2006			
First Quarter	$ 33.23	$ 27.86	$ 0.050
Second Quarter	$ 35.25	$ 28.15	$ 0.050
Third Quarter	$ 32.50	$ 27.06	$ 0.050
Fourth Quarter	$ 30.77	$ 28.00	$ 0.060

On February 26, 2007, there were 140,483,559 shares of our common stock outstanding, held by approximately 1,208 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 creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs and challenges to our business model.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2006, 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	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	1,885,775	$11.11	14,755,349
Equity compensation plans not approved by shareholders	-	-	-
Total	1,885,775	$11.11	14,755,349

Sales of Unregistered Securities

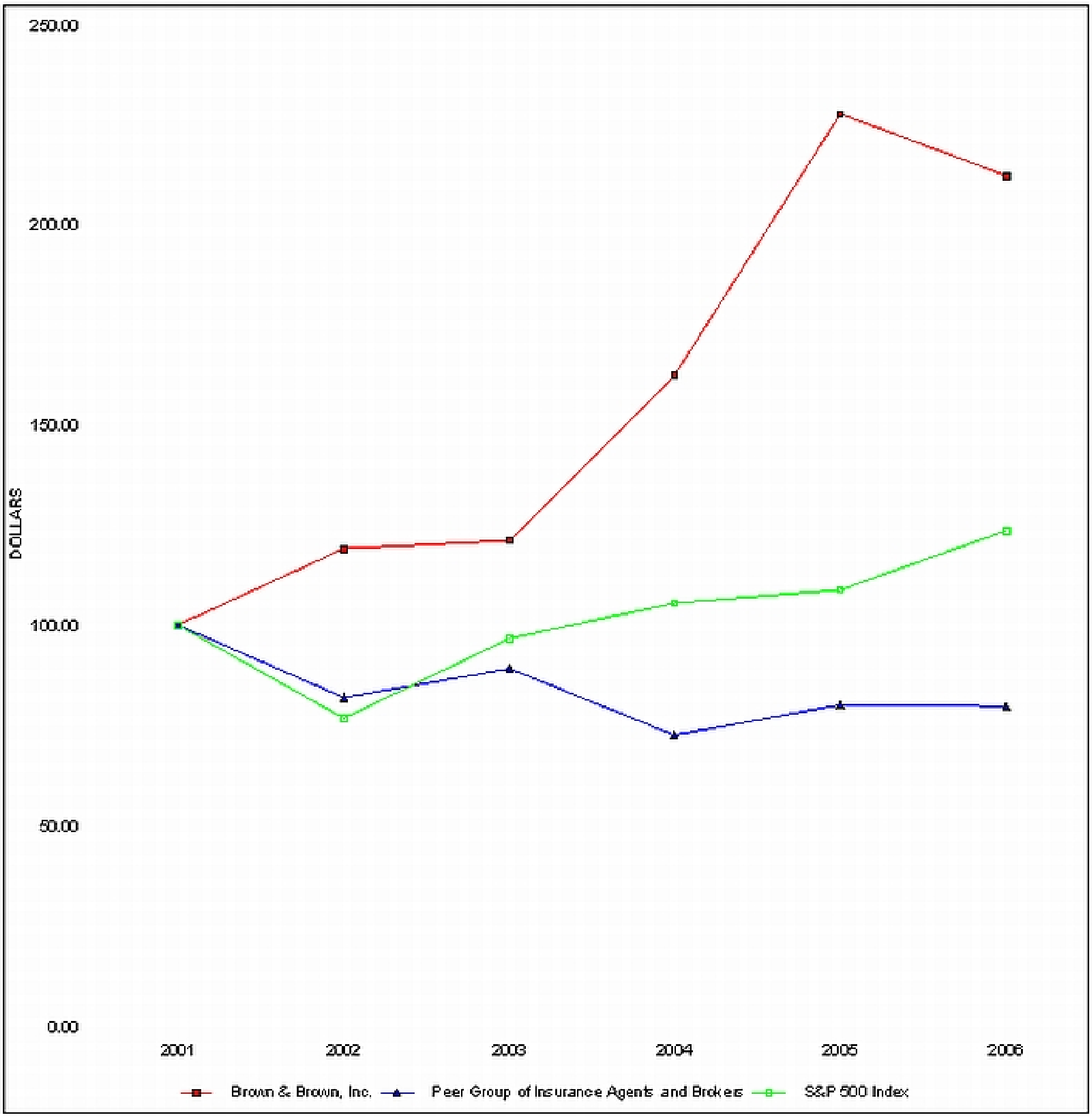
We made no sales of unregistered securities during the fourth quarter of 2006.

Issuer Purchases of Equity Securities

We did not purchase any shares of Brown & Brown, Inc. common stock during the fourth quarter of 2006.

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 Standard & Poor's 500 Index, and a group of peer insurance broker and agency companies (Aon Corporation, Arthur J. Gallagher & Co, Hilb, Rogal and Hobbs Company, and Marsh & McLennan Companies, Inc.). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2001 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2001, with all dividends reinvested.



	2001	2002	2003	2004	2005	2006
Brown & Brown, Inc.	100.00	119.12	121.08	162.23	227.71	212.22
S&P 500 Index	100.00	76.63	96.85	105.56	108.73	123.54
Peer Group of Insurance Agents and Brokers	100.00	81.85	89.31	72.58	80.09	79.95

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

ITEM 6. ***Selected Financial Data.***

The following selected Consolidated Financial Data for each of the five fiscal years in the period ended December 31, 2006 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) (1)	Year Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
REVENUES					
Commissions & fees (2)	$ 864,663	$ 775,543	$ 638,267	$ 545,287	$ 452,289
Investment income	11,479	6,578	2,715	1,428	2,945
Other income, net	1,862	3,686	5,952	4,325	508
Total revenues	878,004	785,807	646,934	551,040	455,742
EXPENSES					
Employee compensation and benefits	404,891	374,943	314,221	268,372	224,755
Non-cash stock-based compensation	5,416	3,337	2,625	2,272	3,823
Other operating expenses	126,492	105,622	84,927	74,617	66,554
Amortization	36,498	33,245	22,146	17,470	14,042
Depreciation	11,309	10,061	8,910	8,203	7,245
Interest	13,357	14,469	7,156	3,624	4,659
Total expenses	597,963	541,677	439,985	374,558	321,078
Income before income taxes and minority interest	280,041	244,130	206,949	176,482	134,664
Income taxes	107,691	93,579	78,106	66,160	49,271
Minority interest, net of tax	-	-	-	-	2,271
Net income	$ 172,350	$ 150,551	$ 128,843	$ 110,322	$ 83,122
EARNINGS PER SHARE INFORMATION					
Net income per share - diluted	$ 1.22	$ 1.08	$ 0.93	$ 0.80	$ 0.61
Weighted average number of shares outstanding - diluted	141,020	139,776	138,888	137,794	136,086
Dividends declared per share	$ 0.2100	$ 0.1700	$ 0.1450	$ 0.1213	$ 0.1000
YEAR-END FINANCIAL POSITION					
Total assets	$ 1,807,952	$ 1,608,660	$ 1,249,517	$ 865,854	$ 754,349
Long-term debt	$ 226,252	$ 214,179	$ 227,063	$ 41,107	$ 57,585
Shareholders' equity (3)	$ 929,345	$ 764,344	$ 624,325	$ 498,035	$ 391,590
Total shares outstanding	140,016	139,383	138,318	137,122	136,356
OTHER INFORMATION					
Number of full-time equivalent employees	4,733	4,540	3,960	3,517	3,384
Revenue per average number of employees	$ 189,368	$ 184,896	$ 173,046	$ 159,699	$ 144,565
Book value per share at year-end	$ 6.64	$ 5.48	$ 4.51	$ 3.63	$ 2.87
Stock price at year-end	$ 28.21	$ 30.54	$ 21.78	$ 16.31	$ 16.16
Stock price earnings multiple at year-end	23.12	28.35	23.41	20.38	26.49
Return on beginning shareholders' equity	23%	24%	26%	28%	47%

(1) All share and per share information has been restated to give effect to a two-for-one common stock split that became effective November 28, 2005.
(2) See Note 2 to the Consolidated Financial Statements for information regarding business purchase transactions which impact the comparability of this information.
(3) Shareholders' equity as of December 31, 2006, 2005, 2004, 2003 and 2002 included net increases of $9,144,000, $4,446,000, $4,467,000, $4,227,000 and $2,106,000, respectively, as a result of the Company's applications of Statement of Financial Accounting Standards ("SFAS") 115, "Accounting for Certain Investments in Debt and Equity Securities," and SFAS 133, "Accounting for Derivatives Instruments and Hedging Activities."

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. All share and per share information has been restated to give effect to a two-for-one common stock split that became effective November 28, 2005.

We are a diversified insurance agency, wholesale brokerage and services organization headquartered in Daytona Beach and Tampa, Florida. Since 1993, our stated corporate objective has been to increase our net income per share by at least 15% every year. We have increased revenues from $95.6 million in 1993 (as originally stated, without giving effect to any subsequent acquisitions accounted for under the pooling-of-interests method of accounting) to $878.0 million in 2006, a compound annual growth rate of 18.6%. In the same period, we increased net income from $8.0 million (as originally stated, without giving effect to any subsequent acquisitions accounted for under the pooling-of-interests method of accounting) to $172.4 million in 2006, a compound annual growth rate of 26.6%. Since 1993, excluding the historical impact of poolings, our pre-tax margins (income before income taxes and minority interest divided by total revenues) improved in all but one year, and in that year, the pre-tax margin was essentially flat. These improvements have resulted primarily from net new business growth (new business production offset by lost business), revenues generated by acquisitions and continued operating efficiencies. Our revenue growth in 2006 was driven by: (i) net new business growth; and (ii) the acquisition of 32 agency entities and several books of business (customer accounts), generating total annualized revenues of approximately $56.4 million.

Our commissions and fees revenue is comprised of commissions paid by insurance companies and fees paid directly by customers. Commission revenues generally represent a percentage of the premium paid by the insured and are materially affected by fluctuations in both premium rate levels charged by insurance 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) so as to determine what premium to charge the insured. These premium rates are established by insurance companies based upon many factors, including reinsurance rates paid by insurance carriers, none of which we control. Beginning in 1986 and continuing through 1999, commission revenues were adversely influenced by a consistent decline in premium rates resulting from intense competition among property and casualty insurance companies for market share. This condition of a prevailing decline in premium rates, commonly referred to as a "soft market," generally resulted in flat to reduced commissions on renewal business. The effect of this softness in rates on our commission revenues was somewhat offset by our acquisitions and net 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, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing into 2003. During 2003, the 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 the insurance carriers as the result of these hurricanes, the 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, the insurance premium rates, in general, declined during 2006.

The volume of business from new and existing insured customers, fluctuations in insurable exposure units and changes in general economic and competitive conditions further impact our revenues. For example, the increasing costs of litigation settlements and awards have caused some customers to seek higher levels of insurance coverage. Conversely, level rates of inflation or general declines in economic activity could limit increases in the values of insurable exposure units. Our revenues have continued to grow as a result of an intense focus on net new business growth and acquisitions. We anticipate that results of operations will continue to be influenced by these competitive and economic conditions in 2007.

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 underwriting results and other aforementioned considerations for the prior year(s). Over the last three years profit-sharing contingent commissions have averaged approximately 5.4% of the previous year's total commissions and fees revenue. Profit-sharing contingent commissions are 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. Recently, two national insurance carriers announced the replacement of the current loss-ratio based profit-sharing contingent commission calculation with a more guaranteed fixed-based methodology. The impact of such changes on our operations or financial position is not currently known.

Fee revenues are generated primarily by 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. In each of the past three years, fee revenues generated by the Services Division have declined as a percentage of our total commissions and fees, from 4.0% in 2004 to 3.8% in 2006. This declining trend is anticipated to continue as the revenues from our other reportable segments grow at a faster pace.

Investment income consists 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. Investment income also includes gains and losses realized from the sale of investments.

Acquisitions

During 2006, we acquired the assets and assumed certain liabilities of 32 insurance intermediary operations and several books of business (customer accounts). The aggregate purchase price was $155.9 million, including $138.7 million of net cash payments, the issuance of $3.7 million in notes payable and the assumption of $13.5 million of liabilities. These acquisitions had estimated aggregate annualized revenues of $56.4 million.

During 2005, we acquired the assets and assumed certain liabilities of 32 insurance intermediary operations and several books of business (customer accounts). The aggregate purchase price was $288.6 million, including $244.0 million of net cash payments, the issuance of $38.1 million in notes payable and the assumption of $6.5 million of liabilities. These acquisitions had estimated aggregate annualized revenues of $125.9 million.

During 2004, we acquired the assets and assumed certain liabilities of 29 insurance intermediary operations, several books of business (customer accounts) and the outstanding stock of three general insurance agencies. The aggregate purchase price was $199.3 million, including $190.6 million of net cash payments, the issuance of $1.4 million in notes payable and the assumption of $7.3 million of liabilities. These acquisitions had estimated aggregate annualized revenues of $104.1 million.

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("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 various other 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 under different assumptions or conditions.

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 by known circumstances. Subsequent commission adjustments are recognized upon notification from the insurance companies. Profit-sharing contingent commissions from insurance companies are recognized when determinable, which is when such commissions are received. Fee revenues are recognized as services are rendered.

Business Acquisitions and Purchase Price Allocations

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

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," 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 noncompete agreements. Purchased customer accounts partially 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. Noncompete agreements are valued based on the duration and any unique features of each specific agreement. Purchased customer accounts and noncompete 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 no longer amortized, in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142").

Intangible Assets Impairment

Effective January 1, 2002, we adopted SFAS No. 142, which requires that goodwill be 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 lower-of-cost-or-market impairment testing. SFAS No. 142 requires us to compare the fair value of each reporting unit with its carrying value 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 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 revenues, and earnings before interest, income taxes, depreciation and amortization ("EBITDA").

Management assesses the recoverability of our goodwill on an annual basis, and of our amortizable intangibles and other long-lived assets whenever events or changes in circumstances indicate that the carrying value 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, 2006 and identified no impairment as a result of the evaluation.

Stock-Based Compensation

The Company grants stock options and non-vested stock awards (previously referred to as "restricted stock") to its employees, officers and directors. Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R, "Share-Based Payment" ("SFAS 123R"), for its stock-based compensation plans. Among other things, SFAS 123R requires that compensation expense for all share-based awards be recognized in the financial statements based upon the grant-date fair value of those awards.

Reserves for Litigation

We are subject to numerous litigation claims that arise in the ordinary course of business. In accordance with SFAS No. 5, "Accounting for Contingencies," 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 inside 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 impact our net income.

Derivative Instruments

In 2002, we entered into one derivative financial instrument - an interest rate exchange agreement, or "swap" - to manage the exposure to fluctuations in interest rates on our $90 million variable rate debt. As of December 31, 2006, we maintained this swap agreement, whereby we pay a fixed rate on the notional amount to a bank and the bank pays us a variable rate on the notional amount equal to a base London InterBank Offering Rate ("LIBOR"). We have assessed this derivative as a highly effective cash flow hedge, and accordingly, changes in the fair market value of the swap are reflected in other comprehensive income. The fair market value of this instrument is determined by quotes obtained from the related counter-parties in combination with a valuation model utilizing discounted cash flows. The valuation of this derivative instrument is a significant estimate that is largely affected by changes in interest rates. If interest rates increase or decrease, the value of this instrument will change accordingly.

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, 2006, 2005 AND 2004

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):

	2006	Percent Change	2005	Percent Change	2004
REVENUES					
Commissions and fees	$ 823,615	11.2%	$ 740,567	21.9%	$ 607,615
Profit-sharing contingent commissions	41,048	17.4%	34,976	14.1%	30,652
Investment income	11,479	74.5%	6,578	142.3%	2,715
Other income, net	1,862	(49.5)%	3,686	(38.1)%	5,952
Total revenues	878,004	11.7%	785,807	21.5%	646,934
EXPENSES					
Employee compensation and benefits	404,891	8.0%	374,943	19.3%	314,221
Non-cash stock-based compensation	5,416	62.3%	3,337	27.1%	2,625
Other operating expenses	126,492	19.8%	105,622	24.4%	84,927
Amortization	36,498	9.8%	33,245	50.1%	22,146
Depreciation	11,309	12.4%	10,061	12.9%	8,910
Interest	13,357	(7.7)%	14,469	102.2%	7,156
Total expenses	597,963	10.4%	541,677	23.1%	439,985
Income before income taxes	$ 280,041	14.7%	$ 244,130	18.0%	$ 206,949
Net internal growth rate - core commissions and fees	4.0%		3.1%		4.3%
Employee compensation and benefits ratio	46.1%		47.7%		48.6%
Other operating expenses ratio	14.4%		13.4%		13.1%
Capital expenditures	$ 14,979		$ 13,426		$ 10,152
Total assets at December 31	$ 1,807,952		$ 1,608,660		$ 1,249,517

Commissions and Fees

Commissions and fees revenue, including profit-sharing contingent commissions, increased 11.5% in 2006, 21.5% in 2005 and 17.1% in 2004. Profit-sharing contingent commissions increased $6.1 million to $41.0 million in 2006, primarily as a result of a better than average year for insurance companies' loss ratios. Core commissions and fees revenue increased 4.0% in 2006, 3.1% in 2005 and 4.3% in 2004, when excluding commissions and fees revenue generated from acquired operations and also from divested operations. The 2006 results reflect the continued moderation of the insurance premium rate growth that began in 2004 in most regions of the United States, but offset by increases in the insurance premium rates for coastal property in the southeastern United States.

Investment Income

Investment income increased to $11.5 million in 2006, compared with $6.6 million in 2005 and $2.7 million in 2004. The increases in 2006 over 2005, and 2005 over 2004 were primarily the result of higher investment yields earned each sequential year along with higher average available cash balances for each successive year.

Other Income, net

Other income consists primarily of gains and losses from the sale and disposition of assets. In 2006, gains of $1.1 million were recognized from the sale of customer accounts as compared with $2.7 million and $4.8 million in 2005 and 2004, respectively. Although we are not in the business of selling customer accounts, we periodically will sell an office or a book of business (one or more customer accounts) that does not produce reasonable margins or demonstrate a potential for growth. For these reasons, in 2004, we sold all four of our retail offices in North Dakota and our sole remaining operation in the medical third-party administration services business.

Employee Compensation and Benefits

Employee compensation and benefits increased approximately 8.0% in 2006, 19.3% in 2005 and 17.1% in 2004, primarily as a result of acquisitions and an increase in commissions paid on net new business. Employee compensation and benefits as a percentage of total revenues were 46.1% in 2006, 47.7% in 2005 and 48.6% in 2004, reflecting a gradual improvement in personnel efficiencies as revenues grow. We had 4,733 full-time equivalent employees at December 31, 2006, compared with 4,540 at December 31, 2005 and 3,960 at December 31, 2004.

Non-Cash Stock-Based Compensation

The Company grants stock options and non-vested stock awards to its employees, officers and directors. Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R, Share-Based Payment (“SFAS 123R”), for its stock-based compensation plans. Among other things, SFAS 123R requires that compensation expense for all share-based awards be recognized in the financial statements based upon the grant-date fair value of those awards.

Prior to January 1, 2006, the Company accounted for stock-based compensation using the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (“APB No. 25”), and related interpretations, and disclosure requirements established by SFAS No. 123, Accounting for Stock-Based Compensation (“SFAS 123”), as amended by SFAS No. 148, Accounting for Stock-Based Compensation-Transitions and Disclosures (“SFAS 148”).

Under APB No. 25, no compensation expense was recognized for either stock options issued under the Company’s stock compensation plans or for stock purchased under the Company’s 1990 Employee Stock Purchase Plan (“ESPP”). The pro forma effects on net income and earnings per share for stock options and ESPP awards were instead disclosed in a footnote to the financial statements. Compensation expense was previously recognized for awards of non-vested stock, based upon the market value of the common stock on the date of award, on a straight-line basis over the requisite service period with the effect of forfeitures recognized as they occurred. As such the 2005 and 2004 non-cash stock-based compensation expense of $3.3 million and $2.6 million, respectively, were solely related to the Performance Stock Plan (“PSP”) grants under APB 25.

For 2006, the non-cash stock-based compensation under SFAS 123R incorporates costs related to each of our three stock-based plans as explained in Note 11 to the consolidated financial statements. The $5.4 million expense in 2006 consisted of $1.9 million related to the PSP plan, $0.5 million related to the limited amount of incentive stock options issued and the remaining $3.0 million relates to the ESPP.

Other Operating Expenses

As a percentage of total revenues, other operating expenses increased to 14.4% in 2006 from 13.4% in 2005 and 13.1% in 2004. Legal and professional fee expenses increased $1.7 million in 2006 over the amount expended in 2005, which in turn was $4.4 million greater than what was expended in 2004. The increase in legal and professional fee expenses was primarily the result of the various ongoing investigations and litigation relating to agent and broker compensation, including profit-sharing contingent commissions, by state regulators and, to a lesser extent, by the requirements of compliance with the Sarbanes-Oxley Act of 2002. Additionally, in 2006 a total of $5.8 million was paid to State of Florida regulatory authorities and other parties, which concluded the State of Florida’s investigation of compensation paid to us (See Note 13). Excluding the impact of these increased legal and professional fee expenses and settlement payments, other operating expenses declined as a percentage of total revenues each year from 2004 to 2006, which is attributable to the effective cost containment measures brought about by our initiative designed to identify areas of excess expense. This decrease is also due to the fact that, in a net internal revenue growth environment, certain significant other operating expenses such as office rent, office supplies, data processing, and telephone costs, increase at a slower rate than commissions and fees revenue during the same period.

Amortization

Amortization expense increased $3.3 million, or 9.8% in 2006, $11.1 million, or 50.1% in 2005, and $4.7 million, or 26.8% in 2004. The increases in 2006 and 2005 were due to the amortization of additional intangible assets as a result of acquisitions completed in those years.

Depreciation

Depreciation increased 12.4% in 2006, 12.9% in 2005 and 8.6% in 2004. These increases were primarily due to the purchase of new computers, related equipment and software, and the depreciation of fixed assets associated with acquisitions completed in those years.

Interest Expense

Interest expense decreased $1.1 million, or 7.7%, in 2006 over 2005 as a result of lower average debt balances due to the normal quarterly principal payments. Interest expense increased $7.3 million, or 102.2%, in 2005 and $3.5 million or 97.5% in 2004 as a result of the funding of $200 million of unsecured senior notes in the third quarter of 2004.

Income Taxes

The effective tax rate on income from operations was 38.5% in 2006, 38.3% in 2005 and 37.7% in 2004. The higher effective tax rate in 2006 and 2005, compared with 2004, was primarily the result of increased amounts of business conducted in states having higher state tax rates.

RESULTS OF OPERATIONS - SEGMENT INFORMATION

As discussed in Note 16 of the Notes to Consolidated Financial Statements, we operate in four reportable segments: the Retail, National Programs, Wholesale Brokerage and Services Divisions. On a divisional basis, increases in amortization, depreciation and interest expenses are the result of 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 places emphasis on 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 internal growth rates for our core commissions and fees for the three years ended December 31, 2006, 2005 and 2004, by divisional units are as follows (in thousands, except percentages):

2006	For the years ended December 31,					
	2006	2005	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth%
Florida Retail	$ 175,885	$ 155,741	$ 20,144	12.9%	$ 493	12.6%
National Retail	206,661	198,033	8,628	4.4%	11,417	(1.4)%
Western Retail	103,222	103,951	(729)	(0.7)%	4,760	(5.3)%
Total Retail[(1)]	485,768	457,725	28,043	6.1%	16,670	2.5%
Professional Programs	40,867	41,930	(1,063)	(2.5)%	43	(2.6)%
Special Programs	113,141	90,933	22,208	24.4%	9,255	14.2%
Total National Programs	154,008	132,863	21,145	15.9%	9,298	8.9%
Wholesale Brokerage	151,278	120,889	30,389	25.1%	25,616	3.9%
Services	32,561	26,565	5,996	22.6%	4,496	5.6%
Total Core Commissions and Fees	$ 823,615	$ 738,042	$ 85,573	11.6%	$ 56,080	4.0%

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, 2006 and 2005 is as follows (in thousands, except percentages):

	For the years ended December 31,	
	2006	2005
Total core commissions and fees	$ 823,615	$ 738,042
Contingent commissions	41,048	34,976
Divested business	—	2,525
Total commission & fees	$ 864,663	$ 775,543

2005

	For the years ended December 31, 2005	2004	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth%
Florida Retail	$ 155,973	$ 140,895	$ 15,078	10.7%	$ 5,694	6.7%
National Retail	201,112	182,098	19,014	10.4%	20,540	(0.8)%
Western Retail	104,879	107,529	(2,650)	(2.5)%	2,699	(5.0)%
Total Retail(1)	461,964	430,522	31,442	7.3%	28,933	0.6%
Professional Programs	41,861	42,463	(602)	(1.4)%	715	(3.1)%
Special Programs	89,288	66,601	22,687	34.1%	17,155	8.3%
Total National Programs	131,149	109,064	22,085	20.2%	17,870	3.9%
Wholesale Brokerage	120,889	38,080	82,809	217.5%	73,317	24.9%
Services	26,565	24,334	2,231	9.2%	—	9.2%
Total Core Commissions and Fees	$ 740,567	$ 602,000	$ 138,567	23.0%	$ 120,120	3.1%

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, 2005 and 2004 is as follows (in thousands, except percentages):

	For the years ended December 31, 2005	2004
Total core commissions and fees	$ 740,567	$ 602,000
Contingent commissions	34,976	30,652
Divested business	—	5,615
Total commission & fees	$ 775,543	$ 638,267

2004

	For the years ended December 31, 2004	2003	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth%
Florida Retail	$ 139,517	$ 131,845	$ 7,672	5.8%	$ 724	5.3%
National Retail	183,666	134,492	49,174	36.6%	50,039	(0.6)%
Western Retail	108,922	95,814	13,108	13.7%	9,124	4.2%
Total Retail(1)	432,105	362,151	69,954	19.3%	59,887	2.8%
Professional Programs	42,462	37,714	4,748	12.6%	2,400	6.2%
Special Programs	68,618	47,881	20,737	43.3%	19,191	3.2%
Total National Programs	111,080	85,595	25,485	29.8%	21,591	4.5%
Wholesale Brokerage	37,929	27,092	10,837	40.0%	7,006	14.1%
Services	25,062	21,321	3,741	17.5%	—	17.5%
Total Core Commissions and Fees	$ 606,176	$ 496,159	$ 110,017	22.2%	$ 88,484	4.3%

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, 2004 and 2003 is as follows (in thousands, except percentages):

	For the years ended December 31, 2004	2003
Total core commissions and fees	$ 606,176	$ 496,159
Contingent commissions	30,652	32,534
Divested business	1,439	16,594
Total commission & fees	$ 638,267	$ 545,287

(1) The Retail segment includes commissions and fees reported in the "Other" column of the Segment Information in Note 16 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 entity, professional and individual insured customers. More than 96% of the Retail Division's commissions and fees revenue are commission-based. Since the majority of our other operating expenses do not change as premiums fluctuate, we believe that most of any fluctuation in the commissions that we receive will be reflected in our pre-tax income. The Retail Division's commissions and fees revenue accounted for 71.8% of our total consolidated commissions and fees revenue in 2004 but declined to 59.7% in 2006, mainly due to continued acquisitions in the National Programs and Wholesale Brokerage Divisions.

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

	2006	Percent Change	2005	Percent Change	2004
REVENUES					
Commissions and fees	$ 486,419	5.5%	$ 461,236	6.8%	$ 431,767
Profit-sharing contingent commissions	30,070	6.1%	28,330	8.3%	26,169
Investment income	139	(12.6)%	159	(72.0)%	567
Other income, net	1,361	(7.9)%	1,477	(48.1)%	2,845
Total revenues	517,989	5.5%	491,202	6.5%	461,348
EXPENSES					
Employee compensation and benefits	242,469	4.0%	233,124	3.4%	225,438
Non-cash stock-based compensation	2,976	35.4%	2,198	37.5%	1,599
Other operating expenses	82,966	2.3%	81,063	4.2%	77,780
Amortization	19,305	(0.3)%	19,368	26.5%	15,314
Depreciation	5,621	(0.4)%	5,641	(1.6)%	5,734
Interest	18,903	(9.7)%	20,927	(4.2)%	21,846
Total expenses	372,240	2.7%	362,321	4.2%	347,711
Income before income taxes	$ 145,749	13.1%	$ 128,881	13.4%	$ 113,637
Net internal growth rate - core commissions and fees	2.5%		0.6%		2.8%
Employee compensation and benefits ratio	46.8%		47.5%		48.9%
Other operating expenses ratio	16.0%		16.5%		16.9%
Capital expenditures	$ 5,952		$ 6,186		$ 5,568
Total assets at December 31	$ 1,103,107		$ 1,002,781		$ 843,823

The Retail Division's total revenues in 2006 increased $26.8 million to $518.0 million, a 5.5% increase over 2005. Of this increase, approximately $16.7 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2005. The remaining increase was primarily due to net new business growth. The Retail Division's net internal growth rate in core commissions and fees revenue was 2.5% in 2006, excluding revenues recognized in 2006 from new acquisitions and the 2005 commissions and fees revenue from divested business. The net internal growth rate of core commissions and fees revenue for the Retail Division in 2005 was 0.6%. The increase in the net internal growth rate from core commission and fees from 2005 to 2006 primarily reflects increased premium rates for coastal property in the southeastern part of the United States, but offset by lower insurance premium rates in most other parts of the country.

Income before income taxes in 2006 increased $16.9 million to $145.7 million, a 13.1% increase over 2005. This increase was due to revenues from acquisitions, a positive net internal growth rate and the continued focus on holding our general expense growth rate to a lower percentage than our revenue growth rate.

The Retail Division's total revenues in 2005 increased $29.9 million to $491.2 million, a 6.5% increase over 2004. Of this increase, approximately $28.9 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2004. The remaining increase was primarily due to net new business growth. The Retail Division's net internal growth rate in core commissions and fees revenue was 0.6% in 2005, excluding revenues recognized in 2005 from new acquisitions and the 2004 commissions and fees revenue from divested business. The net internal growth rate of core commissions and fees revenue for the Retail Division in 2004 was 2.8%. The decline in the net internal growth rate from core commissions and fees revenue from 2004 to 2005 primarily reflects the softening of insurance premium rates during that period.

Income before income taxes in 2005 increased $15.2 million to $128.9 million, a 13.4% increase over 2004. This increase was due to revenues from acquisitions, a positive net internal growth rate and the continued focus on holding our general expense growth rate to a lower percentage than our revenue growth rate.

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, 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):

	2006	Percent Change	2005	Percent Change	2004
REVENUES					
Commissions and fees	$ 154,008	17.4%	$ 131,149	18.1%	$ 111,080
Profit-sharing contingent commissions	2,988	49.5%	1,998	141.6%	827
Investment income	432	17.7%	367	164.0%	139
Other income, net	20	(95.2)%	416	804.3%	46
Total revenues	157,448	17.6%	133,930	19.5%	112,092
EXPENSES					
Employee compensation and benefits	60,692	11.9%	54,238	19.8%	45,278
Non-cash stock-based compensation	523	45.7%	359	52.8%	235
Other operating expenses	26,014	27.4%	20,414	23.1%	16,581
Amortization	8,718	7.6%	8,103	37.8%	5,882
Depreciation	2,387	19.5%	1,998	26.2%	1,583
Interest	10,554	1.2%	10,433	21.3%	8,603
Total expenses	108,888	14.0%	95,545	22.2%	78,162
Income before income taxes	$ 48,560	26.5%	$ 38,385	13.1%	$ 33,930
Net internal growth rate - core commissions and fees	8.9%		3.9%		4.5%
Employee compensation and benefits ratio	38.5%		40.5%		40.4%
Other operating expenses ratio	16.5%		15.2%		14.8%
Capital expenditures	$ 3,750		$ 3,067		$ 2,693
Total assets at December 31	$ 544,272		$ 445,146		$ 359,551

Total revenues in 2006 increased $23.5 million to $157.5 million, a 17.6% increase over 2005. Of this increase, approximately $9.3 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2005. The National Program Division's net internal growth rate for core commissions and fees revenue was 8.9%, excluding core commissions and fees revenue recognized in 2006 from new acquisitions. The majority of the internally generated growth in the 2006 core commissions and fees revenue was primarily related to increasing insurance premium rates in our condominium program at our Florida Intracoastal Underwriters ("FIU") profit center that occurred as a result of the 2005 and 2004 hurricane seasons as well as strong growth in the public entity business and the Proctor Financial operation. The growth at FIU has been strong over the last two years, however, with changes made by the State of Florida in early 2007, it appears that FIU's 2007 revenues may be substantially less than 2006.

Income before income taxes in 2006 increased $10.2 million to $48.6 million, a 26.5% increase over 2005, of which the majority related to the revenues derived from acquisitions completed in 2006 and the increased earnings at FIU. Additionally, in 2006 a total of $5.8 million was paid to State of Florida regulatory authorities and other parties, which concluded the State of Florida's investigation of compensation paid to us (See Note 13). Of the $5.8 million, $3.0 million was allocated to other operating expenses in National Programs.

Total revenues in 2005 increased $21.8 million to $133.9 million, a 19.5% increase over 2004. Of this increase, approximately $17.9 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2004. The National Program Division's net internal growth rate for core commissions and fees revenue was 3.9%, excluding core commissions and fees revenue recognized in 2005 from new acquisitions. The majority of the internally generated growth in the 2005 core commissions and fees revenue was primarily related to increasing insurance premium rates in our condominium program at our FIU profit center that occurred as a result of the 2005 and 2004 hurricane seasons.

Income before income taxes in 2005 increased $4.5 million to $38.4 million, a 13.1% increase over 2004, of which the majority related to the revenues derived from acquisitions completed in 2005 and the increased earnings at FIU.

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):

	2006	Percent Change	2005	Percent Change	2004
REVENUES					
Commissions and fees	$ 151,278	25.1%	$ 120,889	218.7%	$ 37,929
Profit-sharing contingent commissions	7,990	71.9%	4,648	27.1%	3,656
Investment income	4,017	151.2%	1,599	-	-
Other (loss) income, net	61	(365.2)%	(23)	(227.8)%	18
Total revenues	163,346	28.5%	127,113	205.5%	41,603
EXPENSES					
Employee compensation and benefits	78,459	32.0%	59,432	200.4%	19,782
Non-cash stock-based compensation	519	216.5%	164	64.0%	100
Other operating expenses	28,582	44.3%	19,808	153.9%	7,800
Amortization	8,087	42.6%	5,672	649.3%	757
Depreciation	2,075	61.5%	1,285	153.0%	508
Interest	18,759	50.7%	12,446	843.6%	1,319
Total expenses	136,481	38.1%	98,807	226.5%	30,266
Income before income taxes	$ 26,865	(5.1)%	$ 28,306	149.7%	$ 11,337
Net internal growth rate - core commissions and fees	3.9%		24.9%		14.1%
Employee compensation and benefits ratio	48.0%		46.8%		47.5%
Other operating expenses ratio	17.5%		15.6%		18.7%
Capital expenditures	$ 2,085		$ 1,969		$ 694
Total assets at December 31	$ 618,374		$ 476,653		$ 128,699

Total revenues in 2006 increased $36.2 million to $163.3 million, a 28.5% increase over 2005. Of this increase, approximately $25.6 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2005. The Wholesale Brokerage Division's net internal growth rate for core commissions and fees revenue in 2006 was 3.9%, excluding core commissions and fees revenue recognized in 2006 from new acquisitions. The weaker internal growth rate than in recent years for the Wholesale brokerage division was primarily the result of lower revenues from two of our operations. One of those operations, which focuses on home building construction accounts in the western region of the United States, experienced a slow-down in economic activity during the year as well as lower insurance premium rates. The second operation was the personal lines wholesale brokerage arm of Hull & Company which had significant premium capacity restrictions on placing coastal property coverage with their insurance carriers, which was not the case in 2005.

Income before income taxes in 2006 decreased $1.4 million to $26.9 million, a 5.1% decrease over 2005. This decrease is attributable in part to Axiom Re and Delaware Valley Underwriting Agency operations acquired in 2006, which had an aggregate loss before income taxes of $4.0 million as a result of initial transitional issues and net lost business. Additionally, our operation that focuses on home building construction accounts in the western region of the United States had income before income taxes of $3.0 million less than it earned in 2005, due to the reduction of revenues mentioned above. Offsetting these losses were net increases in income before income taxes from our other wholesale brokerage operations.

Total revenues in 2005 increased $85.5 million to $127.1 million, a 205.5% increase over 2004. Of this increase, approximately $73.3 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2004. The majority of this acquired revenue was from the March 1, 2005 acquisition of Hull & Company, which represented the largest acquisition in our history. Commissions and fees revenue of Hull & Company for the twelve months preceding March 1, 2005 was approximately $63.0 million. The Wholesale Brokerage Division's net internal growth rate for core commissions and fees revenue in 2005 was 24.9%, excluding core commissions and fees revenue recognized in 2005 from new acquisitions. The strong net internal growth rate was generated primarily from two of our operations, one of which focuses on property accounts in the southeastern United States, and the other which focuses on construction accounts in the western part of the United States. In addition to the increase in net new business, both of these markets experienced increases in insurance premium rates during 2005.

As a result of the Wholesale Brokerage Division's significant acquisitions in 2005 and late 2004, as well as the net new business growth from existing operations, income before income taxes in 2005 increased $17.0 million to $28.3 million, a 149.7% increase over 2004. The ratio of total employee compensation and benefits to total revenues and the ratio of other operating expenses to total revenue improved in 2005 over 2004, primarily due to two reasons: (1) the majority of the operations acquired in 2005 and 2004 operated at higher operating profit margins than the Wholesale Brokerage Division's 2004 combined margins; and (2) during 2005, one branch of our largest wholesale brokerage profit center improved its operating profit margin by over 9%.

Services Division

The Services Division 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. Unlike our other segments, approximately 96.9% of the Services Division's 2006 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):

	2006	Percent Change	2005	Percent Change	2004
REVENUES					
Commissions and fees	$ 32,561	22.6%	$ 26,565	2.9%	$ 25,807
Profit-sharing contingent commissions	-	-	-	-	-
Investment income	45	-	-	-	-
Other income, net	-	-	952	(5.0)%	1,002
Total revenues	32,606	18.5%	27,517	2.6%	26,809
EXPENSES					
Employee compensation and benefits	18,147	16.5%	15,582	4.2%	14,961
Non-cash stock-based compensation	118	(3.3)%	122	13.0%	108
Other operating expenses	5,062	16.7%	4,339	(11.0)%	4,873
Amortization	343	697.7%	43	19.4%	36
Depreciation	533	22.5%	435	12.4%	387
Interest	440	NMF%	4	(94.2)%	69
Total expenses	24,643	20.1%	20,525	0.4%	20,434
Income before income taxes	$ 7,963	13.9%	$ 6,992	9.7%	$ 6,375
Net internal growth rate - core commissions and fees	5.6%		9.2%		17.5%
Employee compensation and benefits ratio	55.7%		56.6%		55.8%
Other operating expenses ratio	15.5%		15.8%		18.2%
Capital expenditures	$ 588		$ 350		$ 788
Total assets at December 31	$ 32,554		$ 18,766		$ 13,760

Total revenues in 2006 increased $5.1 million to $32.6 million, a 18.5% increase over 2005. Of this increase, approximately $4.5 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2005. In 2006, other income was $0 compared with the 2005 other income of $1.0 million which was due to the sale of a medical third-party administration ("TPA") operation in 2004. The Services Division's net internal growth rate for core commissions and fees revenue was 5.6% in 2006, excluding the 2005 core commissions and fees revenue from acquisitions and divested business. The positive net internal growth rates from core commissions and fees revenue primarily reflect the strong net new business growth from our workers' compensation and public and quasi-public entity TPA businesses.

Income before income taxes in 2006 increased $1.0 million to $8.0 million, a 13.9% increase over 2005, primarily due to strong net new business growth and the acquisitions of an operation in the Medicare secondary payer statute compliance-related services.

Total revenues in 2005 increased $0.7 million net to $27.5 million, a 2.6% increase over 2004. The Services Division's net internal growth rate for core commissions and fees revenue was 9.2% in 2005, excluding the 2004 core commissions and fees revenue from divested business. The positive net internal growth rates from core commissions and fees revenue primarily reflect the strong net new business growth from our workers' compensation and public and quasi-public entity TPA businesses.

Income before income taxes in 2005 increased $0.6 million to $7.0 million, a 9.7% increase over 2004, primarily due to strong net new business growth.

Other

As discussed in Note 16 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 charge to the reporting segment.

Quarterly Operating Results

The following table sets forth our quarterly results for 2006 and 2005:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2006				
Total revenues	$ 230,582	$ 220,807	$ 211,965	$ 214,650
Income before income taxes	$ 81,436	$ 70,967	$ 65,565	$ 62,073
Net income	$ 50,026	$ 44,431	$ 40,270	$ 37,623
Net income per share:				
Basic	$ 0.36	$ 0.32	$ 0.29	$ 0.27
Diluted	$ 0.36	$ 0.32	$ 0.29	$ 0.27
2005				
Total revenues	$ 202,374	$ 195,931	$ 190,645	$ 196,857
Income before income taxes	$ 70,513	$ 60,468	$ 55,689	$ 57,460
Net income	$ 43,018	$ 37,033	$ 34,783	$ 35,717
Net income per share:				
Basic	$ 0.31	$ 0.27	$ 0.25	$ 0.26
Diluted	$ 0.31	$ 0.27	$ 0.25	$ 0.25

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents of $88.5 million at December 31, 2006 reflected a decrease of $12.1 million from the $100.6 million balance at December 31, 2005. During 2006, $225.2 million of cash was provided from operating activities. Also during this period, $143.7 million of cash was used for acquisitions, $15.0 million was used for additions to fixed assets, $87.4 million was used for payments on long-term debt and $29.3 million was used for payment of dividends.

Our cash and cash equivalents of $100.6 million at December 31, 2005 reflected a decrease of $87.5 million from the $188.1 million balance at December 31, 2004. During 2005, $215.1 million of cash was provided from operating activities. Also during this period, $262.2 million of cash was used for acquisitions, $13.4 million was used for additions to fixed assets, $16.1 million was used for payments on long-term debt and $23.6 million was used for payment of dividends.

Our cash and cash equivalents of $188.1 million at December 31, 2004 reflected an increase of $131.2 million over the $56.9 million balance at December 31, 2003. During 2004, $170.2 million of cash was provided from operating activities, and $200.0 million was provided from the issuance of new privately-placed, unsecured senior notes. Also during this period, $202.7 million of cash was used for acquisitions, $10.2 million was used for additions to fixed assets, $18.6 million was used for payments on long-term debt and $20.0 million was used for payment of dividends.

Our ratio of current assets to current liabilities (the “current ratio”) was 1.10 and 1.06 at December 31, 2006 and 2005, respectively.

As of December 31, 2006, our contractual cash obligations were as follows:

Contractual Cash Obligations

(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$ 244,324	$ 18,074	$ 1,034	$ 100,216	$ 125,000
Capital lease obligations	10	8	2	-	-
Other long-term liabilities	11,967	9,409	309	362	1,887
Operating leases	82,293	20,955	33,601	18,339	9,398
Interest obligations	75,771	12,326	23,392	23,080	16,973
Maximum future acquisition contingency payments	169,947	37,728	132,219	-	-
Total contractual cash obligations	$ 584,312	$ 98,500	$ 190,557	$ 141,997	$ 153,258

In July 2004, we completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million is divided into two series: Series A, for $100.0 million due in 2011 and bearing interest at 5.57% per year; and Series B, for $100.0 million due in 2014 and bearing interest at 6.08% per year. The closing on the Series B Notes occurred on July 15, 2004. The closing on the Series A Notes occurred on September 15, 2004. We have used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. As of December 31, 2006 and 2005 there was an outstanding balance of $200.0 million on the Notes.

On December 22, 2006, we entered into a Master Shelf and Note Purchase Agreement (the "Master Agreement") with a national insurance company (the "Purchaser"). The Purchaser 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 (10) years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default currently customary for similar facilities for similar borrowers. The initial issuance of notes under the Master Facility 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 annum.

Also on December 22, 2006, we entered into a Second Amendment to Amended and Restated Revolving and Term Loan Agreement (the "Second Term Amendment") and a Third Amendment to Revolving Loan Agreement (the "Third Revolving Amendment") with a national banking institution, amending the existing Amended and Restated Revolving and Term Loan Agreement dated January 3, 2001 (the "Term Agreement") and the existing Revolving Loan Agreement dated September 29, 2003, as amended (the "Revolving Agreement"), respectively. The amendments provide covenant exceptions for the Notes issued or to be issued under the Master Agreement, and relaxed or deleted certain other covenants. In the case of the Third Amendment to Revolving Loan Agreement, the lending commitment was reduced from $75.0 million to $20.0 million, the maturity date was extended from September 30, 2008 to December 20, 2011, and the applicable margins for advances and the availability fee were reduced. Based on the Company's funded debt to EBITDA ratio, the applicable margin for Eurodollar advances changed from a range of 0.625% to 1.625% to a range of 0.450% to 0.875%. The applicable margin for base rate advances changed from a range of 0.00% to 0.125% to the Prime Rate less 1.000%. The availability fee changed from a range of 0.175% to 0.250% to a range of 0.100% to 0.200%. The 90-day LIBOR was 5.36% and 4.53% as of December 31, 2006 and 2005, respectively. There were no borrowings against this facility at December 31, 2006 or 2005.

In January 2001, we entered into a $90.0 million unsecured seven-year term loan agreement with a national banking institution, bearing an interest rate based upon the 30-, 60- or 90-day LIBOR plus 0.50% to 1.00%, depending upon Brown & Brown's quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization and non-cash stock grant compensation. The 90-day LIBOR was 5.36% and 4.53% as of December 31, 2006 and 2005, respectively. The loan was fully funded on January 3, 2001 and as of December 31, 2006 had an outstanding balance of $12,857,000. This loan is to be repaid in equal quarterly installments of $3,200,000 through December 2007.

All four of these credit agreements 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, 2006 and 2005.

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 Revolving Agreement described above, will be sufficient to satisfy our normal liquidity needs through at least the end of 2007. 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 have the ability to raise additional capital through either the private or public debt markets.

In December 2001, a universal "shelf" registration statement that we filed with the Securities and Exchange Commission (SEC) covering the public offering and sale, from time to time, of an aggregate of up to $250 million of debt and/or equity securities, was declared effective. The net proceeds from the sale of such securities could be used to fund acquisitions and for general corporate purposes, including capital expenditures, and to meet working capital needs. A common stock follow-on offering of 5,000,000 shares in March 2002 was made pursuant to this "shelf" registration statement. As of December 31, 2006, approximately $90.0 million of the universal "shelf" registration remains available. If we needed to publicly raise additional funds, we may need to register additional securities with the SEC.

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 marketable equity securities, non-marketable 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, 2006 and 2005 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. Our largest security investment is 559,970 common stock shares of Rock-Tenn Company, a New York Stock Exchange listed company, which we have owned for more than 25 years. Our investment in Rock-Tenn Company accounted for 81% and 68% of the total value of available-for-sale marketable equity securities, non-marketable equity securities and certificates of deposit as of December 31, 2006 and 2005, respectively. Rock-Tenn Company's closing stock price at December 31, 2006 and 2005 was $27.11 and $13.65 respectively. Our exposure to equity price risk is primarily related to the Rock-Tenn Company investment. As of December 31, 2006, the value of the Rock-Tenn Company investment was $15,181,000. In late January 2007, the stock of Rock-Tenn began trading in excess of $32.00 per share and the Board of Directors authorized the sale of 275,000 shares. We realized a gain of $8,840,000 in excess of our original cost basis. As of February 23, 2007, we have remaining 284,970 share of Rock-Tenn at a value of $9,891,000. We may sell these remaining shares in 2007.

To hedge the risk of increasing interest rates from January 2, 2002 through the remaining six years of our seven-year $90 million term loan, on December 5, 2001 we entered into an interest rate swap agreement that effectively converted the floating rate interest payments based on LIBOR to fixed interest rate payments at 4.53%. This agreement did not impact or change the required 0.50% to 1.00% credit risk spread portion of the term loan. We do not otherwise enter into derivatives, swaps or other similar financial instruments for trading or speculative purposes.

At December 31, 2006, the interest rate swap agreement was as follows:

(in thousands, except percentages)	**Contractual/ Notional Amount**	**Fair Value**	**Weighted Average Pay Rates**	**Weighted Average Received Rates**
Interest rate swap agreement	$12,857	$60	4.53%	5.30%

ITEM 8. ***Financial Statements and Supplementary Data.***

Index to Consolidated Financial Statements

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	*Year Ended December 31,* 2006	2005	2004
REVENUES			
Commissions and fees	$ 864,663	$ 775,543	$ 638,267
Investment income	11,479	6,578	2,715
Other income, net	1,862	3,686	5,952
Total revenues	878,004	785,807	646,934
EXPENSES			
Employee compensation and benefits	404,891	374,943	314,221
Non-cash stock-based compensation	5,416	3,337	2,625
Other operating expenses	126,492	105,622	84,927
Amortization	36,498	33,245	22,146
Depreciation	11,309	10,061	8,910
Interest	13,357	14,469	7,156
Total expenses	597,963	541,677	439,985
Income before income taxes	280,041	244,130	206,949
Income taxes	107,691	93,579	78,106
Net income	$ 172,350	$ 150,551	$ 128,843
Net income per share:			
Basic	$ 1.23	$ 1.09	$ 0.93
Diluted	$ 1.22	$ 1.08	$ 0.93
Weighted average number of shares outstanding:			
Basic	139,634	138,563	137,818
Diluted	141,020	139,776	138,888
Dividends declared per share	$ 0.21	$ 0.17	$ 0.1450

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED
BALANCE SHEETS

(in thousands, except per share data)	*At December 31,* 2006	2005
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 88,490	$ 100,580
Restricted cash and investments	242,187	229,872
Short-term investments	2,909	2,748
Premiums, commissions and fees receivable	282,440	257,930
Other current assets	32,180	28,637
Total current assets	648,206	619,767
Fixed assets, net	44,170	39,398
Goodwill	684,521	549,040
Amortizable intangible assets, net	396,069	377,907
Investments	15,826	8,421
Other assets	19,160	14,127
Total assets	$ 1,807,952	$ 1,608,660
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 435,449	$ 397,466
Premium deposits and credits due customers	33,273	34,027
Accounts payable	17,854	21,161
Accrued expenses	86,009	74,534
Current portion of long-term debt	18,082	55,630
Total current liabilities	590,667	582,818
Long-term debt	226,252	214,179
Deferred income taxes, net	49,721	35,489
Other liabilities	11,967	11,830
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued and outstanding 140,016 at 2006 and 139,383 at 2005	14,002	13,938
Additional paid-in capital	210,543	193,313
Retained earnings	695,656	552,647
Accumulated other comprehensive income, net of related income tax effect of $5,359 at 2006 and $2,606 at 2005	9,144	4,446
Total shareholders' equity	929,345	764,344
Total liabilities and shareholders' equity	$ 1,807,952	$ 1,608,660

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, 2004	137,122	$ 13,712	$ 163,274	$ 316,822	$ 4,227	$ 498,035
Net income				128,843		128,843
Net unrealized holding loss on available-for-sale securities					(649)	(649)
Net gain on cash-flow hedging derivative					889	889
Comprehensive income						129,083
Common stock issued for acquisitions	400	40	6,204			6,244
Common stock issued for employee stock benefit plans	790	80	10,525			10,605
Income tax benefit from exercise of stock options			234			234
Common stock issued to directors	6		127			127
Cash dividends paid ($0.1450 per share)				(20,003)		(20,003)
Balance at December 31, 2004	**138,318**	**13,832**	**180,364**	**425,662**	**4,467**	**624,325**
Net income				150,551		150,551
Net unrealized holding loss on available-for-sale securities					(512)	(512)
Net gain on cash-flow hedging derivative					491	491
Comprehensive income						150,530
Common stock issued for employee stock benefit plans	1,057	105	12,769			12,874
Common stock issued to directors	8	1	180			181
Cash dividends paid ($0.17 per share)				(23,566)		(23,566)
Balance at December 31, 2005	**139,383**	**13,938**	**193,313**	**552,647**	**4,446**	**764,344**
Net income				172,350		172,350
Net unrealized holding gain on available-for-sale securities					4,697	4,697
Net gain on cash-flow hedging derivative					1	1
Comprehensive income						177,048
Common stock issued for employee stock benefit plans	624	62	16,372			16,434
Income tax benefit from exercise of stock options			604			604
Common stock issued to directors	9	2	254			256
Cash dividends paid ($0.21 per share)				(29,341)		(29,341)
Balance at December 31, 2006	**140,016**	**$ 14,002**	**$ 210,543**	**$ 695,656**	**$ 9,144**	**$ 929,345**

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF
CASH FLOWS

(in thousands)	*Year Ended December 31,* 2006	2005	2004
Cash flows from operating activities:			
Net income	$ 172,350	$ 150,551	$ 128,843
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	36,498	33,245	22,146
Depreciation	11,309	10,061	8,910
Non-cash stock-based compensation	5,416	3,337	2,625
Deferred income taxes	11,480	10,642	8,840
Income tax benefit from exercise of stock options	-	-	234
Net gain on sales of investments, fixed assets and customer accounts	(781)	(2,478)	(5,999)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Restricted cash and investments (increase)	(12,315)	(82,389)	(30,940)
Premiums, commissions and fees receivable (increase)	(23,564)	(84,058)	(22,907)
Other assets (increase) decrease	(6,301)	1,072	(3,953)
Premiums payable to insurance companies increase	27,314	153,032	41,473
Premium deposits and credits due customers (decrease) increase	(754)	1,754	9,997
Accounts payable (decrease) increase	(3,561)	4,377	3,608
Accrued expenses increase	8,441	14,854	7,140
Other liabilities (decrease) increase	(318)	1,088	186
Net cash provided by operating activities	225,214	215,088	170,203
Cash flows from investing activities:			
Additions to fixed assets	(14,979)	(13,426)	(10,152)
Payments for businesses acquired, net of cash acquired	(143,737)	(262,181)	(202,664)
Proceeds from sales of fixed assets and customer accounts	1,399	2,362	6,330
Purchases of investments	(211)	(299)	(3,142)
Proceeds from sales of investments	119	896	1,107
Net cash used in investing activities	(157,409)	(272,648)	(208,521)
Cash flows from financing activities:			
Proceeds from long-term debt	25,000	-	200,000
Payments on long-term debt	(87,432)	(16,117)	(18,606)
Borrowings on revolving credit facility	40,000	50,000	50,000
Payments on revolving credit facility	(40,000)	(50,000)	(50,000)
Income tax benefit from exercise of stock options	604	-	-
Issuances of common stock for employee stock benefit plans	11,274	9,717	8,107
Cash dividends paid	(29,341)	(23,566)	(20,003)
Net cash (used in) provided by financing activities	(79,895)	(29,966)	169,498
Net (decrease) increase in cash and cash equivalents	**(12,090)**	**(87,526)**	**131,180**
Cash and cash equivalents at beginning of year	100,580	188,106	56,926
Cash and cash equivalents at end of year	$ 88,490	$ 100,580	$ 188,106

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, 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 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 designated for specific industries, trade groups, governmental entities and market niches; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial 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.

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 revenue is 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 by known circumstances. The policy cancellation reserve was $7,432,000 and $5,019,000 at December 31, 2006 and 2005, respectively, and is periodically evaluated and adjusted as necessary. Subsequent commission adjustments are recognized upon 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. 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 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 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 disbursed by Brown & Brown. 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, and reports such amounts as restricted cash on the Consolidated Balance Sheets. In certain states where Brown & Brown operates, the use and investment alternatives for these funds are regulated by various state agencies. 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 receivable from insurance companies. “Fees” are primarily receivable from customers of Brown & Brown’s Services Division.

Investments

Marketable 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.

As of December 31, 2006 and 2005, Brown & Brown’s marketable equity securities principally represented a long-term investment of 559,970 shares of common stock in Rock-Tenn Company. Brown & Brown’s Chief Executive Officer serves on the board of directors of Rock-Tenn Company.

Non-marketable 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.

Net unrealized holding gains on available-for-sale securities included in accumulated other comprehensive income reported in shareholders’ equity was $9,106,000 at December 31, 2006 and $4,410,000 at December 31, 2005, net of deferred income taxes of $5,337,000 and $2,584,000, respectively.

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 10 years. Leasehold improvements are amortized on the straight-line method over 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 now subject to at least an annual assessment for impairment by applying a fair-value based test. Amortizable intangible assets are amortized over their economic lives and are subject to lower-of-cost-or-market impairment testing. 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 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 revenues and earnings before interest, income taxes, depreciation and amortization (“EBITDA”). Brown & Brown completed its most recent annual assessment as of November 30, 2006 and identified no impairment as a result of the evaluation.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and noncompete agreements. Purchased customer accounts and noncompete agreements are being 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 division comprising Brown & Brown is periodically reviewed by management to determine if the facts and circumstances suggest that 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 comparison of a reasonable multiple applied to either corresponding revenues or EBITDA, as well as considering the estimated future cash flows generated by the corresponding division. 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, 2006, 2005 and 2004.

Derivatives

Brown & Brown utilizes a derivative financial instrument to reduce interest rate risk. Brown & Brown does not hold or issue derivative financial instruments for trading purposes. In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which was subsequently amended by SFAS Nos. 137, 138 and 149. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments and hedging activities. These standards require that an entity recognize all derivatives as either assets or liabilities in its balance sheet and measure those instruments at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income, depending on the use of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of the derivative, and the resulting effect on the consolidated financial statements, will depend on the derivative's hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows as compared to changes in the fair value of the liability being hedged.

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

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

The following table sets forth the computation of basic net income per share and diluted net income per share:

	Year Ended December 31,		
(in thousands, except per share data)	2006	2005	2004
Net income	$ 172,350	$ 150,551	$ 128,843
Weighted average number of common shares outstanding	139,634	138,563	137,818
Dilutive effect of stock options using the treasury stock method	1,386	1,213	1,070
Weighted average number of shares outstanding	141,020	139,776	138,888
Net income per share:			
Basic	$ 1.23	$ 1.09	$ 0.93
Diluted	$ 1.22	$ 1.08	$ 0.93

All share and per share amounts in the consolidated financial statements have been restated to give effect to the two-for-one common stock split effected by Brown & Brown on November 28, 2005. The stock split was effected as a stock dividend.

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, 2006 and 2005, 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, 2006 and 2005 since the debt is at floating rates. Brown & Brown's one interest rate swap agreement is reported at its fair value as of December 31, 2006 and 2005.

New Accounting Pronouncement

Accounting for Uncertainty in Income Taxes - In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit of that position can be recorded in the financial statements. It also provides guidance on the recognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also requires significant additional disclosures. FIN 48 was effective for the Company on January 1, 2007, and the cumulative effect, if any, of the change in accounting principle will be recorded as an adjustment to beginning retained earnings. The Company is currently evaluating the impact that the adoption of FIN 48 will have, if any, on its consolidated financial statements and notes thereto.

Fair Value Measurements - In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("SFAS 157"). SFAS 157 establishes a framework for the measurement of assets and liabilities that uses fair value and expands disclosures about fair value measurements. SFAS 157 will apply whenever another GAAP standard requires (or permits) assets or liabilities to be measured at fair value but does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and for all interim periods within those fiscal years. Accordingly, the Company will be required to adopt SFAS 157 in the first quarter of 2008. The Company is currently evaluating the impact that the adoption of SFAS 157 will have, if any, on its consolidated financial statements and notes thereto.

Stock-Based Compensation - The Company grants stock options and non-vested stock awards (previously referred to as "restricted stock") to its employees, officers and directors. Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R, Share-Based Payment ("SFAS 123R"), for its stock-based compensation plans. Among other things, SFAS 123R requires that compensation expense for all share-based awards be recognized in the financial statements based upon the grant-date fair value of those awards over the vesting period.

Prior to January 1, 2006, the Company accounted for stock-based compensation using the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25"), and related interpretations, and disclosure requirements established by SFAS No. 123, Accounting for Stock-Based Compensation ("SFAS 123"), as amended by SFAS No. 148, Accounting for Stock-Based Compensation-Transitions and Disclosures ("SFAS 148").

Under APB No. 25, no compensation expense was recognized for either stock options issued under the Company's stock compensation plans or for stock purchased under the Company's 1990 Employee Stock Purchase Plan ("ESPP"). The pro forma effects on net income and earnings per share for stock options and ESPP stock purchases were instead disclosed in a footnote to the financial statements. Compensation expense was previously recognized for awards of non-vested stock, based upon the market value of the common stock on the date of award, on a straight-line basis over the requisite service period with the effect of forfeitures recognized as they occurred.

The following table represents the pro forma information for the years ended December 31, 2005 and 2004 (as previously disclosed) under the Company's stock compensation plans had the compensation cost for the stock options and common stock purchased under the ESPP been determined based on the fair value at the grant-date consistent with the method prescribed by SFAS No. 123R:

(in thousands, except per share data)	Year Ended December 31, 2005	2004
Net income as reported	$ 150,551	$ 128,843
Total stock-based employee compensation cost included in the determination of net income, net of related income tax effects	2,061	1,638
Total stock-based employee compensation cost determined under fair value method for all awards, net of related income tax effects	(5,069)	(3,436)
Pro forma net income	$ 147,543	$ 127,045
Net income per share:		
Basic, as reported	$ 1.09	$ 0.93
Basic, pro forma	$ 1.06	$ 0.92
Diluted, as reported	$ 1.08	$ 0.93
Diluted, pro forma	$ 1.06	$ 0.91

The Company has adopted SFAS 123R using the modified-prospective transition method. Under this transition method, compensation cost recognized for the year ended December 31, 2006 includes:

- Compensation cost for all share-based awards (expected to vest) granted prior to, but not yet vested as of January 1, 2006, based upon grant-date fair value estimated in accordance with the original provisions of SFAS 123; and

- Compensation cost for all share-based awards (expected to vest) granted during the year ended December 31, 2006 based upon grant-date fair value estimated in accordance with the provisions of SFAS 123R.

Results for prior periods have not been restated.

Upon adoption of SFAS 123R, the Company continued to use the Black-Scholes valuation model for valuing all stock options and shares purchased under 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 will be recognized in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period. The cumulative effect of changing from recognizing compensation expense for non-vested stock awards as forfeitures occurred to recognizing compensation expense for non-vested awards net of estimated forfeitures was not material.

The adoption of SFAS 123R had the following effect on the Company for the year ended December 31, 2006:

(in thousands)	2006
Non-cash stock-based compensation	$ (564)
Reduction (increase) in:	
Provision for income taxes	$ (217)
Net income	$ (347)
Basic earnings per share	$ —
Diluted earnings per share	$ —
Increase (decrease) in deferred tax assets	$ (217)

In addition, prior to the adoption of SFAS 123R, the Company presented tax benefits resulting from the exercise of stock options as operating cash flows in the statement of cash flows. SFAS 123R requires that tax benefits associated with share-based payments be classified under financing activities in the statement of cash flows. This change in presentation in the accompanying Consolidated Statement of Cash Flows has reduced net operating cash flows and increased net financing cash flows by $604,000 for the year ended December 31, 2006.

See Note 11 for additional information regarding the Company's stock-based compensation plans and the assumptions used to calculate the fair value of stock-based awards.

NOTE 2 • Business Combinations

Acquisitions in 2006

During 2006, Brown & Brown acquired the assets and assumed certain liabilities of 32 entities. The aggregate purchase price of these acquisitions was $155,869,000, including $138,695,000 of net cash payments, the issuance of $3,696,000 in notes payable and the assumption of $13,478,000 of liabilities. Substantially all of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract and obtain high-quality individuals. Acquisition purchase prices are based primarily on a multiple of average annual operating profits earned over a one- to three-year period within a minimum and maximum price range. The initial asset allocation of an acquisition is based on the minimum purchase price, and any subsequent earn-out payment is allocated to goodwill.

All of these acquisitions have been accounted for as business combinations and are as follows:

(in thousands)

Name	Business Segment	2006 Date of Acquisition	Net Cash Paid	Notes Payable	Recorded Purchase Price
Axiom Intermediaries, LLC	Wholesale Brokerage	January 1	$ 60,333	$ —	$ 60,333
Delaware Valley Underwriting Agency, Inc., et al (DVUA)	Wholesale Brokerage/National Programs	September 30	46,333	—	46,333
Other	Various	Various	32,029	3,696	35,725
Total			$ 138,695	$ 3,696	$ 142,391

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

(in thousands)	Axiom	DVUA	Other	Total
Fiduciary cash	$ 9,598	$ —	$ —	$ 9,598
Other current assets	445	7	567	1,019
Fixed assets	435	648	476	1,559
Purchased customer accounts	14,022	22,667	18,682	55,371
Noncompete agreements	31	52	581	664
Goodwill	45,600	24,942	17,107	87,649
Other assets	—	9	—	9
Total assets acquired	70,131	48,325	37,413	155,869
Other current liabilities	(9,798)	(1,843)	(1,496)	(13,137)
Other liabilities	—	(149)	(192)	(341)
Total liabilities assumed	(9,798)	(1,992)	(1,688)	(13,478)
Net assets acquired	$ 60,333	$ 46,333	$ 35,725	$ 142,391

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and noncompete agreements, 4.8 years.

Goodwill of $87,649,000, all of which is expected to be deductible for income tax purposes, was assigned to the Retail, National Programs, Wholesale Brokerage and Service Divisions in the amounts of $6,337,000, $10,561,000, $67,984,000 and $2,767,000, respectively.

The results of operations for the acquisitions completed during 2006 have been combined with those of the Company since their respective acquisitions dates. If the acquisitions had occurred as of January 1, 2005, 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:

	Year Ended December 31,	
(in thousands, except per share data)	2006	2005
(UNAUDITED)		
Total revenues	$ 902,345	$ 842,698
Income before income taxes	$ 288,643	$ 263,326
Net income	$ 177,644	$ 162,389
Net income per share:		
Basic	$ 1.27	$ 1.17
Diluted	$ 1.26	$ 1.16
Weighted average number of shares outstanding:		
Basic	139,634	138,563
Diluted	141,020	139,776

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 2006 as a result of these adjustments totaled $48,824,000, of which $49,221,000 was allocated to goodwill and $397,000 was a reduction of current assets. Of the $48,824,000 net additional consideration paid, $14,640,000 was paid in cash, $33,261,000 was issued in notes payable and $923,000 was assumed as net liabilities. As of December 31, 2006, the maximum future contingency payments related to acquisitions totaled $169,947,000.

Acquisitions in 2005

During 2005, Brown & Brown acquired the assets and assumed certain liabilities of 32 insurance intermediary operations and several books of business (customer accounts). The aggregate purchase price was $288,623,000, including $244,006,000 of net cash payments, the issuance of $38,072,000 in notes payable and the assumption of $6,545,000 of other liabilities. All of these acquisitions operate in the insurance intermediary business and were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality individuals to the Company. Acquisition purchase prices are typically based on a multiple of average annual operating profit (core commissions and fees revenue over expenses) earned over a one- to three-year period after the acquisition effective date, within a minimum and maximum price range. The initial asset allocation of an acquisition is based on the minimum purchase price and any subsequent "earn-out" payment is allocated to Goodwill.

All of these acquisitions have been accounted for as business combinations and are as follows:

(in thousands)

Name of Acquisitions	**Business Segment**	**2005 Date of Acquisition**	**Net Cash Paid**	**Notes Payable**	**Recorded Purchase Price**
American Specialty Companies, Inc., et al.	National Programs	January 1	$ 23,782	$ -	$ 23,782
Braishfield Associates, Inc.	Wholesale Brokerage	January 1	10,215	-	10,215
Hull & Company, Inc., et al.	Wholesale Brokerage	March 1	140,169	35,000	175,169
Weible & Cahill, LLC	Retail	October 1	17,971	-	17,971
Timothy R. Downey Insurance, Inc.	National Programs	November 1	14,302	1,374	15,676
Other	Various	Various	37,567	1,698	39,265
Total			$ 244,006	$ 38,072	$ 282,078

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

(in thousands)

	American Specialty	Braishfield	Hull	Weible & Cahill	Downey	Other	Total
Other current assets	$ 112	$ 50	$ 173	$ 266	$ -	$ 1,117	$ 1,718
Fixed assets	370	25	2,500	111	89	180	3,275
Purchased customer accounts	7,410	4,835	68,000	10,825	9,042	17,633	117,745
Noncompete agreements	38	50	95	11	55	887	1,136
Goodwill	18,247	5,408	105,463	7,092	8,382	20,157	164,749
Total assets acquired	26,177	10,368	176,231	18,305	17,568	39,974	288,623
Other current liabilities	(59)	(153)	(1,062)	(100)	(1,892)	(709)	(3,975)
Other liabilities	(2,336)	-	-	(234)	-	-	(2,570)
Total liabilities assumed	(2,395)	(153)	(1,062)	(334)	(1,892)	(709)	(6,545)
Net assets acquired	$ 23,782	$ 10,215	$ 175,169	$ 17,971	$ 15,676	$ 39,265	$ 282,078

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and noncompete agreements, 4.1 years.

Goodwill of $164,749,000, all of which is expected to be deductible for income tax purposes, was assigned to the Retail, National Programs and Wholesale Brokerage Divisions in the amounts of $19,773,000, $27,144,000 and $117,832,000, respectively.

The results of operations for the acquisitions completed during 2005 have been combined with those of Brown & Brown since their respective acquisition dates. If the acquisitions had occurred as of January 1, 2004, Brown & Brown'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.

	Year Ended December 31,	
(in thousands, except per share data)	2005	2004
(UNAUDITED)		
Total revenues	$ 818,783	$ 769,815
Income before income taxes	$ 255,268	$ 246,978
Net income	$ 157,420	$ 153,765
Net income per share:		
Basic	$ 1.14	$ 1.12
Diluted	$ 1.13	$ 1.11
Weighted average number of shares outstanding:		
Basic	138,563	137,818
Diluted	139,776	138,888

Additional consideration paid to sellers, or consideration returned to Brown & Brown by 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 Brown & Brown as a result of these adjustments totaled $22,832,000 in 2005 and $965,000 in 2004, of which $23,797,000 was allocated to goodwill. Of the $22,832,000 net additional consideration paid in 2005, $18,175,000 was paid in cash and the issuance of $4,657,000 in notes payable. Of the $965,000 net additional consideration paid in 2004, $814,000 was paid in cash and the assumption of $151,000 of other liabilities. As of December 31, 2005, the maximum future contingency payments related to acquisitions totaled $189,611,000.

NOTE 3 • Goodwill

The changes in goodwill for the years ended December 31, are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Service	Total
Balance as of January 1, 2005	$ 259,290	$ 84,737	$ 16,760	$ 56	$ 360,843
Goodwill of acquired businesses	33,243	34,313	120,990	-	188,546
Goodwill disposed of relating to sales of businesses	(321)	(28)	-	-	(349)
Balance as of December 31, 2005	292,212	119,022	137,750	56	549,040
Goodwill of acquired businesses	38,681	23,307	72,115	2,767	136,870
Goodwill disposed of relating to sales of businesses	(1,389)	-	-	-	(1,389)
Balance as of December 31, 2006	$ 329,504	$ 142,329	$ 209,865	$ 2,823	$ 684,521

NOTE 4 • Amortizable Intangible Assets

Amortizable intangible assets at December 31 consisted of the following:

(in thousands)	2006 Gross Carrying Value	2006 Accumulated Amortization	2006 Net Carrying Value	2006 Weighted Average Life (years)	2005 Gross Carrying Value	2005 Accumulated Amortization	2005 Net Carrying Value	2005 Weighted Average Life (years)
Purchased customer accounts	$ 541,967	$ (149,764)	$ 392,203	14.9	$ 498,580	$ (126,161)	$ 372,419	14.9
Noncompete agreements	25,589	(21,723)	3,866	7.7	34,154	(28,666)	5,488	7.0
Total	$ 567,556	$ (171,487)	$ 396,069		$ 532,734	$ (154,827)	$ 377,907	

Amortization expense recorded for other amortizable intangible assets for the years ended December 31, 2006, 2005 and 2004 was $36,498,000, $33,245,000 and $22,146,000, respectively.

Amortization expense for other amortizable intangible assets for the years ending December 31, 2007, 2008, 2009, 2010 and 2011 is estimated to be $37,506,000, $36,613,000, $36,144,000, $35,476,000, and $34,059,000, respectively.

NOTE 5 • Investments

Investments at December 31 consisted of the following:

(in thousands)	2006 Carrying Value Current	2006 Carrying Value Non-Current	2005 Carrying Value Current	2005 Carrying Value Non-Current
Available-for-sale marketable equity securities	$ 240	$ 15,181	$ 216	$ 7,644
Non-marketable equity securities and certificates of deposit	2,669	645	2,532	777
Total investments	$ 2,909	$ 15,826	$ 2,748	$ 8,421

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

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Marketable equity securities:				
2006	$ 550	$ 14,871	$ -	$ 15,421
2005	$ 550	$ 7,312	$ (2)	$ 7,860

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

(in thousands)	Proceeds	Gross Realized Gains	Gross Realized Losses
2006	$ 119	$ 25	$ -
2005	$ 896	$ 87	$ -
2004	$ 1,107	$ 526	$ (118)

NOTE 6 • Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2006	2005
Furniture, fixtures and equipment	$ 90,146	$ 83,275
Leasehold improvements	10,590	6,993
Land, buildings and improvements	487	487
	101,223	90,755
Less accumulated depreciation and amortization	(57,053)	(51,357)
Total	$ 44,170	$ 39,398

Depreciation and amortization expense amounted to $11,309,000 in 2006, $10,061,000 in 2005 and $8,910,000 in 2004.

NOTE 7 • Accrued Expenses

Accrued expenses at December 31 consisted of the following:

(in thousands)	2006	2005
Accrued bonuses	$ 42,426	$ 35,613
Accrued compensation and benefits	16,213	15,179
Accrued rent and vendor expenses	7,937	6,504
Reserve for policy cancellations	7,432	5,019
Accrued interest	4,524	5,302
Other	7,477	6,917
Total	$ 86,009	$ 74,534

NOTE 8 • Long-Term Debt

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

(in thousands)	2006	2005
Unsecured Senior Notes	$ 225,000	$ 200,000
Term loan agreements	12,857	25,714
Revolving credit facility	-	-
Acquisition notes payable	6,310	43,889
Other notes payable	167	206
Total debt	244,334	269,809
Less current portion	(18,082)	(55,630)
Long-term debt	$ 226,252	$ 214,179

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: Series A, for $100.0 million due in 2011 and bearing interest at 5.57% per year; and Series B, for $100.0 million due in 2014 and bearing interest at 6.08% per year. The closing on the Series B Notes occurred on July 15, 2004. The closing on the Series A Notes occurred on September 15, 2004. Brown & Brown has used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. As of December 31, 2006 and 2005 there was an outstanding balance of $200.0 million on the Notes.

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"). 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 (10) 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 Facility 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 annum.

Also on December 22, 2006, the Company entered into a Second Amendment to Amended and Restated Revolving and Term Loan Agreement (the "Second Term Amendment") and a Third Amendment to Revolving Loan Agreement (the "Third Revolving Amendment") with a national banking institution, amending the existing Amended and Restated Revolving and Term Loan Agreement dated January 3, 2001 (the "Term Agreement") and the existing Revolving Loan Agreement dated September 29, 2003, as amended (the "Revolving Agreement"), respectively. The amendments provided covenant exceptions for the notes issued or to be issued under the Master Agreement, and relaxed or deleted certain other covenants. In the case of the Third Revolving Amendment, the lending commitment was reduced from $75.0 million to $20.0 million, the maturity date was extended from September 30, 2008 to December 20, 2011, and the applicable margins for advances and the availability fee were reduced. Based on the Company's funded debt to EBITDA ratio, the applicable margin for Eurodollar advances changed from a range of 0.625% to 01.625% to a range of 0.450% to 0.875%. The applicable margin for base rate advances changed from a range of 0.00% to 0.125% to the Prime Rate less 1.000%. The availability fee changed from a range of 0.175% to 0.250% to a range of 0.100% to 0.200%. The 90-day London Interbank Offering Rate (“LIBOR”) was 5.36% and 4.53% as of December 31, 2006 and 2005, respectively. There were no borrowings against this facility at December 31, 2006 or 2005.

In January 2001, Brown & Brown entered into a $90.0 million unsecured seven-year term loan agreement with a national banking institution, bearing an interest rate based upon the 30-, 60- or 90-day LIBOR plus 0.50% to 1.00%, depending upon Brown & Brown’s quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization and non-cash stock grant compensation. The 90-day LIBOR was 5.36% and 4.53% as of December 31, 2006 and 2005, respectively. The loan was fully funded on January 3, 2001 and as of December 31, 2006 had an outstanding balance of $12,857,000. This loan is to be repaid in equal quarterly installments of $3,200,000 through December 2007.

All four 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, 2006 and 2005.

To hedge the risk of increasing interest rates from January 2, 2002 through the remaining six years of its seven-year $90 million term loan, Brown & Brown entered into an interest rate swap agreement that effectively converted the floating rate LIBOR-based interest payments to fixed interest rate payments at 4.53%. This agreement did not affect the required 0.50% to 1.00% credit risk spread portion of the term loan. In accordance with SFAS No. 133, as amended, the fair value of the interest rate swap of approximately $37,000, net of related income taxes of approximately $22,000, was recorded in other assets as of December 31, 2006, and $36,000, net of related income taxes of approximately $22,000, was recorded in other assets as of December 31, 2005; with the related change in fair value reflected as other comprehensive income. Brown & Brown has designated and assessed the derivative as a highly effective cash flow hedge.

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 April 2011, including interest in the range from 0.0% to 8.05%.

Interest paid in 2006, 2005 and 2004 was $14,136,000, $13,726,000 and $2,773,000, respectively.

At December 31, 2006, maturities of long-term debt were $18,082,000 in 2007, $889,000 in 2008, $147,000 in 2009, $157,000 in 2010, $100,059,000 in 2011 and $125,000,000 in 2012 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)	2006	2005	2004
Current:			
Federal	$ 83,792	$ 72,550	$ 59,478
State	12,419	10,387	9,788
Total current provision	96,211	82,937	69,266
Deferred:			
Federal	9,139	8,547	6,967
State	2,341	2,095	1,873
Total deferred provision	11,480	10,642	8,840
Total tax provision	$ 107,691	$ 93,579	$ 78,106

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:

	2006	2005	2004
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.4	3.3	3.7
State income tax credits	-	-	(0.5)
Non-deductible employee stock purchase plan expense	0.4	-	-
Interest exempt from taxation and dividend exclusion	(0.3)	(0.2)	(0.2)
Other, net	-	0.2	(0.3)
Effective tax rate	38.5%	38.3%	37.7%

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 deferred tax liabilities and assets as of December 31 are as follows:

(in thousands)	2006	2005
Deferred tax liabilities:		
Fixed assets	$ 3,051	$ 3,454
Net unrealized holding gain of available-for-sale securities	5,337	2,584
Prepaid insurance and pension	2,516	2,219
Net gain on cash-flow hedging derivative	22	22
Intangible assets	51,127	37,379
Total deferred tax liabilities	62,053	45,658
Deferred tax assets:		
Deferred compensation	5,886	4,984
Accruals and reserves	6,310	4,973
Net operating loss carryforwards	634	537
Valuation allowance for deferred tax assets	(498)	(325)
Total deferred tax assets	12,332	10,169
Net deferred tax liability	$ 49,721	$ 35,489

Income taxes paid in 2006, 2005 and 2004 were $102,761,000, $77,143,000, and $72,904,000, respectively.

At December 31, 2006, Brown & Brown had a net operating loss carryforwards of $463,000 and $18,466,000 for federal and state income tax reporting purposes, respectively, portions of which expire in the years 2007 through 2021. The federal carryforward was derived from insurance operations acquired by Brown & Brown in 2001 and 1998. The state carryforward is derived from the operating results of certain profit centers.

NOTE 10 • Employee Savings Plan

Brown & Brown 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, Brown & Brown provides for a discretionary profit-sharing contribution for all eligible employees. Brown & Brown's contributions to the plan totaled $7,585,000 in 2006, $7,762,000 in 2005 and $6,569,000 in 2004.

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 shares of Brown & Brown's stock (Performance Stock, also referred to as PSP) 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 Brown & Brown's Board of Directors. Before participants 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 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 to be "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted earnings per share. 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: (i) 15 years of continuous employment with Brown & Brown from the date shares are granted to the participants; (ii) attainment of age 64; or (iii) death or disability of the participant. At December 31, 2006, 6,217,830 shares had been granted under the plan at initial stock prices ranging from $1.90 to $30.55. As of December 31, 2006, 5,036,170 shares had met the first condition for vesting and had been awarded, and 526,312 shares had satisfied both conditions for vesting and had been distributed to the participants.

The Company uses a path-depended lattice model to estimate the fair value of PSP grants on the grant-date under SFAS 123R. A summary of PSP activity for the year ended December 31, 2006 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2006	$ 5.21	5,851,682	5,125,304	726,378
Granted	$ 18.48	262,260	868	261,392
Awarded	$ 11.99	—	291,035	(291,035)
Vested	$ 6.43	(28,696)	(28,696)	—
Forfeited	$ 5.93	(393,728)	(352,341)	(41,387)
Outstanding at December 31, 2006	$ 5.92	5,691,518	5,036,170	655,348

The weighted average grant-date fair value of PSP grants for years ended December 31, 2006, 2005 and 2004 was $18.48, $14.39 and $11.31, respectively. The total fair market value of PSP grants that vested during each of the years ended December 31, 2006, 2005 and 2004 was $862,000, $1,581,000 and $914,000, respectively.

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 5,027,183 available for future subscriptions. Employees of the Company who regularly work more than 20 hours per week are eligible to participate in the plan. Participants, through payroll deductions, may subscribe to purchase Company stock up to 10% of their compensation, to a maximum of $25,000, during each annual subscription period (August 1st to the following July 31st) at a cost of 85% of the lower of the stock price as of the beginning or ending of the stock subscription period. For the plan year ended July 31, 2006, 2005 and 2004, the Company issued 571,601, 521,948 and 546,344 shares of common stock in the month of August 2006, 2005 and 2004, respectively. These shares were issued at an aggregate purchase price of $10,557,000 or $18.47 per share in 2006, $9,208,000 or $17.64 per share in 2005 and $7,256,000 or $13.28 per share in 2004. For the five months ended December 31, 2006, 2005 and 2004 of the 2006-2007, 2005-2006 and 2004-2005 plan years, 191,140, 241,668 and 218,515 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by participants for proceeds of approximately $4,817,000 $4,464,000 and $4,036,000, respectively.

Incentive Stock Option Plan

On April 21, 2000, Brown & Brown adopted and the shareholders have approved a qualified incentive stock option plan that provides for the granting of stock options to certain key employees for up to 4,800,000 shares of common stock. The objective of this plan is to provide additional performance incentives to grow Brown & Brown's pre-tax income in excess of 15% annually. The options are 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 under SFAS 123R, which is the same valuation technique previously used for pro forma disclosures under SFAS 123. The Company did not grant any options during the year ended December 31, 2006, but did grant 12,000 shares during the year ended December 31, 2005. The weighted average fair value of the incentive stock options granted during 2005 estimated on the date of grant, using the Black-Scholes option-pricing model, was $8.51 per share. The fair value of these options granted was estimated on the date of grant using the following assumptions: dividend yield of 0.86%; expected volatility of 35.0%; risk-free interest rate of 4.5%; and an expected life of 6 years.

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, 2006, 2005 and 2004 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, 2004	2,227,276	$	10.18			
Granted	—	$	—			
Exercised	(154,248)	$	4.96			
Forfeited	—	$	—			
Expired	—	$	—			
Outstanding at December 31, 2004	2,073,028	$	10.56	6.9	$	36,580
Granted	12,000	$	22.06			
Exercised	(68,040)	$	4.84			
Forfeited	—	$	—			
Expired	—	$	—			
Outstanding at December 31, 2005	2,016,988	$	10.83	5.9	$	35,064
Granted	—	$	—			
Exercised	(123,213)	$	6.11			
Forfeited	(8,000)	$	15.78			
Expired	—	$	—			
Outstanding at December 31, 2006	1,885,775	$	11.11	4.9	$	32,241
Exercisable at December 31, 2006	1,185,067	$	8.29	4.2	$	23,607
Exercisable at December 31, 2005	783,672	$	4.88	5.2	$	18,281
Exercisable at December 31, 2004	698,312	$	4.86	6.2	$	16,304

The following table summarizes information about stock options outstanding at December 31, 2006:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$4.84	810,444	3.3	$ 4.84	810,444	$ 4.84
$14.20	4,000	4.8	$ 14.20	4,000	$ 14.20
$15.78	1,059,331	6.2	$ 15.78	370,623	$ 15.78
$22.06	12,000	8.0	$ 22.06	-	-
	1,885,775	5.0	$ 11.11	1,185,067	$ 8.29

The weighted average grant-date fair value of stock options granted during the year ended December 31, 2006, 2005 and 2004 was $0.00, $8.51 and $0.00, respectively. The total intrinsic value of options exercised, determined as of the date of exercise, during the years ended December 31, 2006, 2005 and 2004 was $2,865,000, $1,381,000 and $2,234,000, 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, 2006, 2005 and 2004.

There were 1,545,996 option shares available for future grant under this plan as of December 31, 2006.

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)	2006	2005	2004
Employee Stock Purchase Plan	$ 3,049	$ -	$ -
Performance Stock Plan	1,874	3,337	2,625
Incentive Stock Option Plan	493	-	-
	$ 5,416	$ 3,337	$ 2,625

Summary of Unrecognized Compensation Expense

As of December 31, 2006, there was approximately $19.8 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)	2006	2005	2004
Unrealized holding gain (loss) on available-for-sale securities, net of tax benefit of $2,752 for 2006; net of tax benefit of $300 for 2005; and net of tax benefit of $530 for 2004	$ 4,697	$ (512)	$ (649)
Net gain on cash-flow hedging derivative, net of tax effect of $0 for 2006, net of tax effect of $289 for 2005; and net of tax effect of $557 for 2004	$ 1	$ 491	$ 889
Notes payable issued or assumed for purchased customer accounts	$ 36,957	$ 42,843	$ 1,976
Notes received on the sale of fixed assets and customer accounts	$ 2,715	$ 1,855	$ 6,024
Common stock issued for acquisitions accounted for under the purchase method of accounting	$ -	$ -	$ 6,244

NOTE 13 • Commitments and Contingencies

Operating Leases

Brown & Brown leases facilities and certain items of office equipment under noncancelable operating lease arrangements expiring on various dates through 2017. 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, 2006, the aggregate future minimum lease payments under all noncancelable lease agreements were as follows:

(in thousands)	
2007	$ 20,955
2008	18,472
2009	15,129
2010	11,471
2011	6,868
Thereafter	9,398
Total minimum future lease payments	$ 82,293

Rental expense in 2006, 2005 and 2004 for operating leases totaled $30,338,000, $28,926,000 and $24,595,000, respectively.

Legal Proceedings

Antitrust Actions and Related Matters

As disclosed in prior years, Brown & Brown, Inc. is one of more than ten insurance intermediaries named together with a number of insurance companies as defendants in putative class action lawsuits purporting to be brought on behalf of policyholders. Brown & Brown, Inc. initially became a defendant in certain of those actions in October and December of 2004. In February 2005, the Judicial Panel on Multi-District Litigation consolidated these cases, together with other putative class action lawsuits in which Brown & Brown, Inc. was not named as a party, to a single jurisdiction, the United States District Court, District of New Jersey, for pre-trial purposes. One of the consolidated actions, *In Re: Employee-Benefits Insurance Antitrust Litigation,* concerns employee benefits insurance and the other, styled *In Re: Insurance Brokerage Antitrust Litigation*, involves other lines of insurance. These two consolidated actions are collectively referred to in this report as the "Antitrust Actions." The complaints refer to an action, since settled, that was filed against Marsh & McLennan Companies, Inc. ("Marsh & McLennan"), the largest insurance broker in the world, by the New York State Attorney General in October 2004, and allege various improprieties and unlawful acts by the various defendants in the pricing and placement of insurance, including alleged manipulation of the insurance market by, among other things: "bid rigging" and "steering" clients to particular insurers based on considerations other than the clients' interests; alleged entry into unlawful tying arrangements pursuant to which the placement of primary insurance contracts was conditioned upon commitments to place reinsurance through a particular broker; and alleged failure to disclose contingent commission and other allegedly improper compensation and fee arrangements. The plaintiffs in the Antitrust Actions assert a number of causes of action, including violations of the federal antitrust laws, multiple state antitrust and unfair and deceptive practices statutes, and the federal anti-racketeering (RICO) statute, as well as breach of fiduciary duty, misrepresentation, conspiracy, aiding and abetting, and unjust enrichment, and seek injunctive and declaratory relief as well as unspecified damages, including treble and punitive damages, and attorneys' fees and costs. Brown & Brown, Inc. disputes the allegations and is vigorously defending itself in the Antitrust Actions.

Related Governmental Investigations

Since the New York State Attorney General filed the lawsuit referenced above against Marsh & McLennan in October 2004, governmental agencies in a number of states have looked or are looking into issues related to compensation practices in the insurance industry, and the Company has received and responded to written and oral requests for information and/or subpoenas seeking information related to this topic. To date, requests for information and/or subpoenas have been received from governmental agencies such as attorneys general or departments of insurance in the following states: Arkansas (Department of Insurance), Arizona (Department of Insurance), California (Department of Insurance), Connecticut (Office of Attorney General), Florida (Office of Attorney General, Department of Financial Services, and Office of Insurance Regulation), Illinois (Office of Attorney General), Nevada (Department of Business & Industry, Division of Insurance), New Hampshire (Department of Insurance), New Jersey (Department of Banking and Insurance), New York (Office of Attorney General), North Carolina (Department of Insurance and Department of Justice), Oklahoma (Department of Insurance), Pennsylvania (Department of Insurance), South Carolina (Department of Insurance), Texas (Department of Insurance), Vermont (Department of Banking, Insurance, Securities & Healthcare Administration), Virginia (State Corporation Commission, Bureau of Insurance, Agent Regulation & Administration Division), Washington (Office of Insurance Commissioner) and West Virginia (Office of Attorney General). Agencies in Arizona, Virginia and Washington have concluded their respective investigations of subsidiaries of Brown & Brown, Inc. based in those states with no further action as to these entities. On December 8, 2006, Brown & Brown reached a settlement with the Florida government agencies identified above which terminated the joint investigation of those agencies with respect to Brown & Brown, Inc. and its subsidiaries. The settlement involved no finding of wrongdoing, no fines or penalties and no prohibition of profit-sharing compensation. Pursuant to the terms of the settlement, Brown & Brown, Inc. agreed to pay $1,800,000 to the investigating agencies to be distributed to Florida governmental entity policyholders of the Company plus $1,000,000 in attorneys' fees and costs associated with the investigation. Additionally, a Brown & Brown, Inc. subsidiary, Program Management Services Inc., doing business as Public Risk Underwriters®, agreed to pay $3,000,000 to the investigating agencies for distribution to a local government self-insurance fund. The affirmative obligations imposed under the settlement include continued enhanced disclosures to Florida policyholders concerning compensation received by Brown & Brown, Inc. and its subsidiaries .

Some of the other insurance intermediaries and insurance companies that have been subject to governmental investigations and/or lawsuits arising out of these matters have chosen to settle some such matters. Such settlements have involved the payment of substantial sums, as well as agreements to change business practices, including agreeing to no longer pay or accept profit-sharing contingent commissions. Some of the other insurance intermediaries and insurance companies have entered into agreements with governmental agencies and in the Antitrust Actions, which collectively involve payments by these intermediaries to agencies and to certain of their clients totaling in excess of $1 billion. Many of these settlement agreements provided that the settling insurance intermediaries would discontinue acceptance of any contingency compensation.

As previously disclosed in our public filings, offices of the Company are party to 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 that insurance company, and/or additional factors such as retention ratios and overall volume of business that an office or offices place with the insurance company. Additionally, to a lesser extent, some offices of the Company are party to override commission agreements with certain insurance companies, and these agreements provide for commission rates in excess of standard commission rates to be applied to specific lines of business, such as group health business, based primarily on the overall volume of such business that the office or offices in question place with the insurance company. The Company has not chosen to discontinue receiving profit-sharing contingent commissions or override commissions.

As previously disclosed, a committee comprised of independent members of the Board of Directors of Brown & Brown, Inc. (the “Special Review Committee”) determined that maintenance of a derivative suit was not in the best interests of the Company, following an investigation in response to a December 2004 demand letter from counsel purporting to represent a current shareholder of Brown & Brown, Inc. (the “Demand Letter”). The Demand Letter sought the commencement of a derivative suit by Brown & Brown, Inc. against the Board of Directors and current and former officers and directors of Brown & Brown, Inc. for alleged breaches of fiduciary duty related to the Company’s participation in contingent commission agreements. The Special Review Committee's conclusions were communicated to the purported shareholder's counsel and there has been limited communication since then. There can be no assurance that the purported shareholder will not further pursue his allegations or that any pursuit of any such allegations would not have a material adverse effect on the Company.

In response to the foregoing events, the Company also, on its own volition, engaged outside counsel to conduct a limited internal inquiry into certain sales and marketing practices of the Company, with special emphasis on the effects of contingent commission agreements on the placement of insurance products by the Company for its clients. The internal inquiry resulted in several recommendations being made in January 2006 regarding disclosure of compensation, premium finance charges, the retail-wholesale interface, fee-based compensation and direct incentives from insurance companies, and the Company has been evaluating such recommendations and has adopted or is in the process of adopting these recommendations. As a result of that inquiry, and in the process of preparing responses to some of the governmental agency inquiries referenced above, management of the Company became aware of a limited number of specific, unrelated instances of questionable conduct. These matters have been addressed and resolved, or are in the process of being addressed and resolved, on a case-by-case basis, and thus far the amounts involved in resolving such matters have not been, either individually or in the aggregate, material. However, there can be no assurance that the ultimate cost and ramifications of resolving these matters will not have a material adverse effect on the Company.

The Company cannot currently predict the impact or resolution of the Antitrust Actions, the shareholder demand or the various governmental inquiries or lawsuits and thus cannot reasonably estimate a range of possible loss, which could be material, or whether the resolution of these matters may harm the Company’s business and/or lead to a decrease in or elimination of profit-sharing contingent commissions and override commissions, which could have a material adverse impact on the Company’s consolidated financial condition.

Other

The Company 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 Company in these various proceedings are 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 Company will continue to respond appropriately to these claims and lawsuits, and to vigorously protect its interests.

Among the above-referenced claims, and as previously described in the Company’s public filings, there are several threatened and pending legal claims and lawsuits against Brown & Brown, Inc. and Brown & Brown Insurance Services of Texas, Inc. (BBTX), a subsidiary of Brown & Brown, Inc., arising out of BBTX’s involvement with the procurement and placement of workers’ compensation insurance coverage for entities including several professional employer organizations. One such action, styled *Great American Insurance Company, et al. v. The Contractor’s Advantage, Inc., et al.*, Cause No. 2002-33960, pending in the 189th Judicial District Court in Harris County, Texas, asserts numerous causes of action, including fraud, civil conspiracy, federal Lanham Act and RICO violations, breach of fiduciary duty, breach of contract, negligence and violations of the Texas Insurance Code against BBTX, Brown & Brown, Inc. and other defendants, and seeks recovery of punitive or extraordinary damages (such as treble damages) and attorneys’ fees. Although the ultimate outcome of the matters referenced in this section titled “Other” 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 received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the Company’s consolidated financial position. 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.

NOTE 14• Business Concentrations

A significant portion of business written by Brown & Brown is for customers located in California, Florida, Georgia, Michigan, New Jersey, New York, Pennsylvania and Washington. Accordingly, the occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in any of these states could have a material adverse effect on Brown & Brown's business, although no such conditions have been encountered in the past.

For the year ended December 31, 2006, approximately 5.3% and 4.9% of Brown & Brown's total revenues were derived from insurance policies underwritten by two separate insurance companies, respectively. For the year ended December 31, 2005, approximately 8.0% and 5.4% of Brown & Brown's total revenues were derived from insurance policies underwritten by the same two separate insurance companies, respectively Should these insurance companies seek to terminate its arrangement with Brown & Brown, the Company believes 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% or more of Brown & Brown's total revenues.

NOTE 15 • Quarterly Operating Results (Unaudited)

Quarterly operating results for 2006 and 2005 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2006				
Total revenues	$ 230,582	$ 220,807	$ 211,965	$ 214,650
Total expenses	$ 149,146	$ 149,840	$ 146,400	$ 152,577
Income before income taxes	$ 81,436	$ 70,967	$ 65,565	$ 62,073
Net income	$ 50,026	$ 44,431	$ 40,270	$ 37,623
Net income per share:				
Basic	$ 0.36	$ 0.32	$ 0.29	$ 0.27
Diluted	$ 0.36	$ 0.32	$ 0.29	$ 0.27
2005				
Total revenues	$ 202,374	$ 195,931	$ 190,645	$ 196,857
Total expenses	$ 131,861	$ 135,463	$ 134,956	$ 139,397
Income before income taxes	$ 70,513	$ 60,468	$ 55,689	$ 57,460
Net income	$ 43,018	$ 37,033	$ 34,783	$ 35,717
Net income per share:				
Basic	$ 0.31	$ 0.27	$ 0.25	$ 0.26
Diluted	$ 0.31	$ 0.27	$ 0.25	$ 0.25

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 16• 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, governmental, 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 designated 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 administration, consulting for the workers' compensation and employee benefit self-insurance markets, managed healthcare services and Medicare set-aside services. Brown & Brown conducts all of its operations within the United States of America.

The accounting policies of the reportable segments are the same as those described in Note 1. 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, 2006					
(in thousands)	**Retail**	**National Programs**	**Wholesale Brokerage**	**Services**	**Other**	**Total**
Total revenues	$ 517,989	$ 157,448	$ 163,346	$ 32,606	$ 6,615	$ 878,004
Investment income	139	432	4,017	45	6,846	11,479
Amortization	19,305	8,718	8,087	343	45	36,498
Depreciation	5,621	2,387	2,075	533	693	11,309
Interest expense	18,903	10,554	18,759	440	(35,299)	13,357
Income before income taxes	145,749	48,560	26,865	7,963	50,904	280,041
Total assets	1,103,107	544,272	618,374	32,554	(490,355)	1,807,952
Capital expenditures	5,952	3,750	2,085	588	2,604	14,979

	Year Ended December 31, 2005					
(in thousands)	**Retail**	**National Programs**	**Wholesale Brokerage**	**Services**	**Other**	**Total**
Total revenues	$ 491,202	$ 133,930	$ 127,113	$ 27,517	$ 6,045	$ 785,807
Investment income	159	367	1,599	-	4,453	6,578
Amortization	19,368	8,103	5,672	43	59	33,245
Depreciation	5,641	1,998	1,285	435	702	10,061
Interest expense	20,927	10,433	12,446	4	(29,341)	14,469
Income before income taxes	128,881	38,385	28,306	6,992	41,566	244,130
Total assets	1,002,781	445,146	476,653	18,766	(334,686)	1,608,660
Capital expenditures	6,186	3,067	1,969	350	1,854	13,426

	Year Ended December 31, 2004					
(in thousands)	**Retail**	**National Programs**	**Wholesale Brokerage**	**Services**	**Other**	**Total**
Total revenues	$ 461,348	$ 112,092	$ 41,603	$ 26,809	$ 5,082	$ 646,934
Investment income	567	139	-	-	2,009	2,715
Amortization	15,314	5,882	757	36	157	22,146
Depreciation	5,734	1,583	508	387	698	8,910
Interest expense	21,846	8,603	1,319	69	(24,681)	7,156
Income before income taxes	113,637	33,930	11,337	6,375	41,670	206,949
Total assets	843,823	359,551	128,699	13,760	(96,316)	1,249,517
Capital expenditures	5,568	2,693	694	788	409	10,152

NOTE 17• Subsequent Events

From January 1, 2007 through March 1, 2007, Brown & Brown acquired the assets and assumed certain liabilities of five insurance intermediaries, a book of business and the outstanding stock of two general insurance agency. The aggregate purchase price of these acquisitions was $47,569,000, including $40,818,000 of net cash payments, the issuance of $3,869,000 in notes payable and the assumption of $2,882,000 of liabilities. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract and obtain high-quality individuals. Acquisition purchase prices are based primarily on a multiple of average annual operating profits earned over a one- to four-year period within a minimum and maximum price range. The initial asset allocation of an acquisition is based on the minimum purchase price, and any subsequent earn-out payment is allocated to goodwill.

As of December 31, 2006, the value of the Rock-Tenn Company investment was $15,181,000. In late January 2007, the stock of Rock-Tenn began trading in excess of $32.00 per share and the Board of Directors authorized the sale of 275,000 shares. We realized a gain of $8,840,000 in excess of our original cost basis. As of February 23, 2007, we have remaining 284,970 share of Rock-Tenn at a value of $9,891,000. We may sell these remaining shares in 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders 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, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 the Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006 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 effectiveness of the Company's internal control over financial reporting as of December 31, 2006, 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 March 1, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Jacksonville, Florida
March 1, 2007

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 this effectiveness of its internal control over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2006: Axiom Intermediaries, NuQuest Resources, Inc. and Bridge Pointe, Inc., Ideal Insurance Agency, Inc., Monarch Management Corporation and Texas Monarch Management Corporation, Delaware Valley Underwriting Agency, Inc. et al., and ProTexn, Inc. and Best Practices Insurance Agency, Inc. Collectively, these acquisitions represented 8.5% of total assets as of December 31, 2006, 2.5% of total revenue and 1.3% of net income for the year ended. 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, management concluded that internal control over financial reporting was effective as of December 31, 2006. Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 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
March 1, 2007

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting that Brown & Brown, Inc. and its subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2006, 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 Axiom Intermediaries, NuQuest Resources, Inc. and Bridge Pointe, Inc., Ideal Insurance Agency, Inc., Monarch Management Corporation and Texas Monarch Management Corporation, Delaware Valley Underwriting Agency, Inc. et al., and ProTexn, Inc. and Best Practices Insurance Agency, Inc. (collectively the "2006 Excluded Acquisitions"), which were acquired during 2006 and whose financial statements constitute 8.5% of total assets, 2.5% of revenues and 1.3% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2006. Accordingly, our audit did not include the internal control over financial reporting at the 2006 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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, 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, 2006 of the Company and our report dated March 1, 2007, expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Jacksonville, Florida
March 1, 2007

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 2006.

ITEM 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation (the "Evaluation") required by Rules 13a-15 and 15d-15 under the Exchange Act of 1934 (the "Exchange Act"), 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"). Based on the Evaluation, our CEO and CFO concluded that the design and operation of our Disclosure Controls provide reasonable assurance that the Disclosure Controls, as described in this Item 9A, are effective in alerting them timely to material information required to be included in our periodic SEC reports.

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, 2006 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 CEO and CFO, 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 CEO and the CFO, respectively. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This Item of this report, which you are currently reading, 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our 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. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2006. Management's Annual Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm on Internal Controls over Financial Reporting are set forth in Part II, Item 8 of this Annual Report on Form 10-K and are included herein by reference.

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 2007 (the "2007 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 Chief Executive Officer and 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. Requests for copies of our Code of Ethics should be directed in writing to Investor Relations, Brown & Brown, Inc., 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, or by telephone to (352) 732-6522.

ITEM 11. ***Executive Compensation.***

The information required by this item is incorporated herein by reference to the 2007 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 2007 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 2007 Proxy Statement under the heading "Management — Certain Relationships and Related Transactions."

ITEM 14. ***Principal Accountant Fees and Services.***

The information required by this item is incorporated herein by reference to the 2007 Proxy Statement under the heading "Fees Paid to Deloitte & Touche LLP."

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules.***

The following documents are filed as part of this Report:

(a) 1. 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; and 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).
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(ba) 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 January 3, 2001, between Riedman Corporation, as landlord, and the Registrant, as tenant (incorporated by reference to Exhibit 10b(3) to Form 10-K for the year ended December 31, 2001), and Lease for same 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).
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	Employment Agreement, dated as of July 29, 1999, between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10f to Form 10-K for the year ended December 31, 1999).
10.5	Portions of Employment Agreement, dated April 28, 1993 between the Registrant and Jim W. Henderson (incorporated by reference to Exhibit 10m to Form 10-K for the year ended December 31, 1993).
10.6(a)	Registrant's 2000 Incentive Stock Option Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-43018 on Form S-8 filed on August 3, 2000).
10.6(b)	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).
10.7	International Swap Dealers Association, Inc. Master Agreement dated as of December 5, 2001 between SunTrust Bank and the Registrant and letter agreement dated December 6, 2001, regarding confirmation of interest rate transaction (incorporated by reference to Exhibit 10p to Form 10-K for the year ended December 31, 2001).

10.8	Note Purchase Agreement, dated as of July 15, 2004, among the Company 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 Brown & Brown, Inc. and SunTrust Bank (incorporated by reference to Exhibit 4.2 to Form 10-Q for the quarter ended June 30, 2004).
10.10	Second Amendment to Revolving Loan Agreement dated and effective July 15, 2004, by and between Brown & Brown, Inc. and SunTrust Bank (incorporated by reference to Exhibit 4.3 to Form 10-Q for the quarter ended June 30, 2004).
10.11	Revolving Loan Agreement Dated as of September 29, 2003, By and Among Brown & Brown, Inc. and SunTrust Bank (incorporated by reference to Exhibit 10a on Form 10-Q for the quarter ended September 30, 2003).
10.12	Amended and Restated Revolving and Term Loan Agreement dated January 3, 2001 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 4a to Form 10-K for the year ended December 31, 2000).
10.13	Extension of the Term Loan Agreement between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10b to Form 10-Q for the quarter ended September 30, 2000).
10.14	Master Shelf and Note Purchase Agreement Dated as of December 22, 2006, by and among Brown & Brown, Inc., and Prudential Investment Management, Inc. and certain Prudential affiliates as purchasers of the 5.66% Series C Senior Notes due December 22, 2016.
10.15	Second Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of December 22, 2006, by and between Brown & Brown, Inc. and SunTrust Bank.
10.16	Third Amendment to Revolving Loan Agreement dated as of December 22, 2006, by and between Brown & Brown, Inc. and SunTrust Bank.
10.17	Third Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of January 30, 2007 by and between Brown & Brown, Inc. and SunTrust Bank.
10.18	Fourth Amendment to Revolving Loan Agreement dated as of January 30, 2007 by and between Brown & Brown, Inc. and SunTrust Bank.
21	Subsidiaries of the Registrant.
23	Consent of Deloitte & Touche LLP.
24	Powers of Attorney pursuant to which this Form 10-K has been signed on behalf of certain directors and officers of the Registrant.
31.1	Rule 13a-14(a)/15d-14(a) Certification by the 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 Chief Executive Officer of the Registrant.
32.2	Section 1350 Certification by the Chief Financial Officer of the Registrant.

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: March 1, 2007

By: /S/ J. Hyatt Brown

J. Hyatt Brown
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
* J. Hyatt Brown	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 1, 2007
* Jim W. Henderson	Vice Chairman and Chief Operating Officer, Director	March 1, 2007
* Cory T. Walker	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2007
* Samuel P. Bell, III	Director	March 1, 2007
* Hugh M. Brown	Director	March 1, 2007
Bradley Currey, Jr.	Director	
* Theodore J. Hoepner	Director	March 1, 2007
* David H. Hughes	Director	March 1, 2007
* Toni Jennings	Director	March 1, 2007
* John R. Riedman	Director	March 1, 2007
* Jan E. Smith	Director	March 1, 2007
* Chilton D. Varner	Director	March 1, 2007

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

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).
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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 January 3, 2001, between Riedman Corporation, as landlord, and the Registrant, as tenant (incorporated by reference to Exhibit 10b(3) to Form 10-K for the year ended December 31, 2001), and Lease for same 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).
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).
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10.6(a)	Registrant's 2000 Incentive Stock Option Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-43018 on Form S-8 filed on August 3, 2000).
10.6(b)	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).
10.7	International Swap Dealers Association, Inc. Master Agreement dated as of December 5, 2001 between SunTrust Bank and the Registrant and letter agreement dated December 6, 2001, regarding confirmation of interest rate transaction (incorporated by reference to Exhibit 10p to Form 10-K for the year ended December 31, 2001).

10.8	Note Purchase Agreement, dated as of July 15, 2004, among the Company 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 Brown & Brown, Inc. and SunTrust Bank (incorporated by reference to Exhibit 4.2 to Form 10-Q for the quarter ended June 30, 2004).
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10.12	Amended and Restated Revolving and Term Loan Agreement dated January 3, 2001 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 4a to Form 10-K for the year ended December 31, 2000).
10.13	Extension of the Term Loan Agreement between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10b to Form 10-Q for the quarter ended September 30, 2000).
10.14	Master Shelf and Note Purchase Agreement Dated as of December 22, 2006, by and among Brown & Brown, Inc., and Prudential Investment Management, Inc. and certain Prudential affiliates as purchasers of the 5.66% Series C Senior Notes due December 22, 2016.
10.15	Second Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of December 22, 2006, by and between Brown & Brown, Inc. and SunTrust Bank.
10.16	Third Amendment to Revolving Loan Agreement dated as of December 22, 2006, by and between Brown & Brown, Inc. and SunTrust Bank.
10.17	Third Amendment to Amended and Restated Revolving and Term Loan Agreement dated as of January 30, 2007 by and between Brown & Brown, Inc. and SunTrust Bank.
10.18	Fourth Amendment to Revolving Loan Agreement dated as of January 30, 2007 by and between Brown & Brown, Inc. and SunTrust Bank.
21	Subsidiaries of the Registrant.
23	Consent of Deloitte & Touche LLP.
24	Powers of Attorney pursuant to which this Form 10-K has been signed on behalf of certain directors and officers of the Registrant.
31.1	Rule 13a-14(a)/15d-14(a) Certification by the 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 Chief Executive Officer of the Registrant.
32.2	Section 1350 Certification by the Chief Financial Officer of the Registrant.

Exhibit 10.14

Execution Copy

BROWN & BROWN, INC.

$25,000,000 5.66% Series C Senior Notes due December 22, 2016
$200,000,000 Private Shelf Facility

MASTER SHELF AND
NOTE PURCHASE AGREEMENT

Dated as of December 22, 2006

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BROWN & BROWN, INC.
220 South Ridgewood Avenue
Daytona Beach, Florida 32114

$25,000,000 5.66% Series C Senior Notes due December 22, 2016
$200,000,000 Private Shelf Facility

December 22, 2006

Prudential Investment Management, Inc.
(herein called "**Prudential**")

Each Prudential Affiliate (as hereinafter defined)
which becomes bound by certain provisions of
this Agreement as hereinafter provided (the "**Purchasers**")

c/o Prudential Capital Group
1170 Peachtree Street, Suite 500
Atlanta, GA 30309

Ladies and Gentlemen:

Brown & Brown, Inc., a Florida corporation (together with its successors and permitted assigns, the **"Company"**), agrees with Prudential and the Purchasers as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issuance and sale of:

(a) $25,000,000 aggregate principal amount of its 5.66% Series C Senior Notes due December 22, 2016 (including any amendments, restatements or modifications from time to time, the **"Series C Notes"**, such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement) to be substantially in the form of Exhibit 1(a) attached hereto;

(b) its additional fixed rate senior promissory notes (herein called the **"Fixed Rate Shelf Notes"**) in the aggregate principal amount of up to $200,000,000) (subject to Section 2.2(a)), to be dated the date of issue thereof, to mature, in the case of each Fixed Rate Shelf Note so issued, no more than ten (10) years after the date of original issuance thereof, to have an Average Life of no more than ten (10) years after the date of original issuance thereof, to bear interest on the unpaid balance thereof from the date thereof at the rate per annum, and to have such other particular terms, as shall be set forth, in the case of each Fixed Rate Shelf Note so issued, in the Confirmation of Acceptance with respect to such Fixed Rate Shelf Note delivered pursuant to paragraph 2.2(f), and to be substantially in the form of Exhibit 1(b) attached hereto; and

(c) its additional floating rate senior promissory notes (herein called the **"Floating Rate Shelf Notes"**) in the aggregate principal amount of up to $25,000,000 (subject to Section 2.2), to be dated the date of issue thereof, to mature, in the case of each Floating Rate Shelf Note so issued, no more than five (5) years after the date of original issuance thereof, to have an Average Life of no more than five (5) years after the date of original issuance thereof, to bear interest on the unpaid balance thereof from the date thereof at the rate per annum, and to have such other particular terms, as shall be set forth, in the case of each Floating Rate Shelf Note so issued, in the Confirmation of Acceptance with respect to such Floating Rate Shelf Note delivered pursuant to Section 2.2(f), and to be substantially in the form of Exhibit 1(c) attached hereto.

The terms "**Series C Note**" and "**Series C Notes**", as used herein shall include each Series C Note delivered pursuant to any provision of this Agreement and each Series C Note delivered in substitution or exchange for any such Series C Note pursuant to any such provision. The terms "**Shelf Note**" and "**Shelf Notes**" as used herein shall include each Fixed Rate Shelf Note and Floating Rate Shelf Note delivered pursuant to any provision of this Agreement and each Shelf Note delivered in substitution or exchange for any such Shelf Note pursuant to any such provision. The terms "**Note**" and "**Notes**" as used herein shall include each Series C Note, Fixed Rate Shelf Note and Floating Rate Shelf Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any such Note pursuant to any such provision. Notes which have (i) the same final maturity, (ii) the same principal prepayment dates, (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Note), (iv) the same interest rate, (v) the same interest payment periods and (vi) the same date of issuance (which, in the case of a Note issued in exchange for another Note, shall be deemed for these purposes the date on which such Note's ultimate predecessor Note was issued), are herein called a "**Series**" of Notes.

2. SALE AND PURCHASE OF NOTES.

2.1. Purchase and Sale of Series C Notes.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the First Closing, as provided for in Section 3, Series C Notes in the principal amount specified below such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. Each Purchaser's obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance by any other Purchaser hereunder.

2.2. Purchase and Sale of Shelf Notes.

(a) Facility. Prudential is willing to consider, in its sole discretion and within limits which may be authorized for purchase by Prudential Affiliates from time to time, the purchase of Shelf Notes by Prudential Affiliates pursuant to this Agreement. The willingness of Prudential to consider such purchase of Shelf Notes is herein called the "**Facility**". At any time (i) $200,000,000, *minus* (ii) the aggregate principal amount of the Series C Notes purchased and sold pursuant to this Agreement, *minus* (iii) the aggregate principal amount of Shelf Notes purchased and sold pursuant to this Agreement prior to such time, *minus* (iv) the aggregate principal amount of Accepted Notes which have not yet been purchased and sold hereunder prior to such time is herein called the "**Available Facility Amount**" at such time; *provided* that the aggregate principal amount of Floating Rate Shelf Notes outstanding at any time shall not exceed $25,000,000 (the lesser of the Available Facility Amount or $25,000,000 being referred to herein as the "**Floating Rate Available Facility Amount**"). NOTWITHSTANDING THE WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF SHELF NOTES BY PRUDENTIAL AFFILIATES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.

(b) Issuance Period. Shelf Notes may be issued and sold pursuant to this Agreement beginning on the First Closing Date until the earlier of (i) the third anniversary of the First Closing Date (or if such anniversary is not a Business Day, the Business Day next preceding such anniversary) and (ii) the thirtieth day after Prudential shall have given to the Company, or the Company shall have given to Prudential, written notice stating that it elects to terminate the subsequent issuance and sale of Shelf Notes pursuant to this Agreement (or if such thirtieth day is not a Business Day, the Business Day next preceding such thirtieth day). The period during which Shelf Notes may be issued and sold pursuant to this Agreement is herein called the "**Issuance Period**".

(c) Periodic Spread Information. Provided that no Default or Event of Default then exists, not later than 9:30 A.M. (New York City local time) on a Business Day during the Issuance Period if there is an Available Facility Amount on such Business Day, the Company may request by telecopier or telephone, and Prudential will, to the extent reasonably practicable, provide to the Company on such Business Day (or, if such request is received after 9:30 A.M. (New York City local time) on such Business Day, on the following Business Day), information (by telecopier or telephone) with respect to various spreads at which Prudential Affiliates might be interested in purchasing Shelf Notes of different average lives; *provided, however*, that the Company may not make such requests more frequently than once in every five Business Days or such other period as shall be mutually agreed to in writing by the Company and Prudential. In any request described in the immediately preceding sentence, the Company may request that Prudential provide information with respect to either or both fixed or floating rates of interest (based on either the LIBOR Rate or Prime Rate, or both). The amount and content of information so provided shall be in the sole discretion of Prudential but it is the intent of Prudential to provide information which will be of use to the Company in determining whether to initiate procedures for use of the Facility. Information so provided shall not constitute an offer to purchase Shelf Notes, and neither Prudential nor any Prudential Affiliate shall be obligated to purchase Shelf Notes at the spreads specified. Information so provided shall be representative of potential interest only for the period commencing on the day such information is provided and ending on the earlier of the fifth Business Day after such day and the first day after such day on which further spread information is provided. Prudential may suspend or terminate providing information pursuant to this Section 2.2(c) for any reason, including its determination that the credit quality of the Company has declined since the First Closing Date.

(d) Request for Purchase. The Company may from time to time during the Issuance Period make requests for purchases of Shelf Notes (each such request being herein called a "**Request for Purchase**"). Each Request for Purchase shall be delivered to Prudential by telecopier or overnight delivery service, and shall

(i) specify the aggregate principal amount of Shelf Notes covered thereby, which shall not be less than the lesser of (x) $10,000,000 or (y) the entire amount of the Available Facility Amount, if the Available Facility Amount shall be less than $10,000,000 at the time such Request for Purchase is made, and shall not be greater than the Available Facility Amount or, if such Request for Purchase is for Floating Rate Shelf Notes, the Floating Rate Available Facility Amount at such time,

(ii) specify the principal amounts, final maturities (which shall be no more than 10 years from the date of issuance in the case of the Fixed Rate Shelf Notes and no more than 5 years from the date of issuance in the case of the Floating Rate Shelf Notes), installment payment dates, amounts and interest payment periods (which may be quarterly or semi-annually in arrears in the case of a Fixed Rate Shelf Note and quarterly or, if more frequent, on the last day of the applicable Interest Period in arrears in the case of a Floating Rate Shelf Note),

(iii) specify whether the rate quotes are to contain fixed rates of interest, floating rates of interest or both fixed and floating rates of interest and if Floating Rate Shelf Notes, whether such Notes bear interest at the LIBOR Rate or Prime Rate, the Interest Period of such Notes and the other information required by Section 8.9,

(iv) specify the use of proceeds of such Shelf Notes and certify that such proceeds shall not be used to finance a Hostile Tender Offer,

(v) specify the proposed day for the closing of the purchase and sale of such Shelf Notes, which, which shall be a Business Day during the Issuance Period not less than ten days and not more than 20 days after the delivery of such Request for Purchase,

(vi) specify the number of the account and the name and address of the depository institution to which the purchase prices of such Shelf Notes are to be transferred on the Closing Day for such purchase and sale,

(vii) certify that, exclusive of those exceptions noted on Annex 1 thereto, the representations and warranties contained in Section 5 are true on and as of the date of such Request for Purchase and that there exists on the date of such Request for Purchase no Event of Default or Default,

(viii) specify the amount of the Issuance Fee due pursuant to Section 2.2(i)(i), which will be paid by the Company on the Closing Day for such purchase and sale and

(ix) be substantially in the form of Exhibit 2.2(d) attached hereto.

Each Request for Purchase shall be in writing and shall be deemed made when received by Prudential.

(e) Rate Quotes. Not later than five Business Days after the Company shall have given Prudential a Request for Purchase pursuant to Section 2.2(d), Prudential may, but shall be under no obligation to, provide to the Company by telephone or telecopier, in each case between 9:30 A.M. and 1:30 P.M. New York City local time (or such later time as Prudential may elect) interest rate quotes (any interest rate quotes so provided shall be (i) fixed rate quotes if the Company requested fixed rate quotes pursuant to Section 2.2(d)(iii) and/or (ii) floating rate quotes if the Company requested floating rate quotes pursuant to Section 2.2(d)(iii)) for the several principal amounts, maturities, principal prepayment schedules, and interest payment periods of Shelf Notes specified in such Request for Purchase. Each quote shall represent the interest rate per annum payable (or in the case of Floating Rate Shelf Notes, the spread over the LIBOR Rate or Prime Rate, as applicable) on the outstanding principal balance of such Shelf Notes at which a Prudential Affiliate would be willing to purchase such Shelf Notes at 100% of the principal amount thereof.

(f) Acceptance. Within 30 minutes after Prudential shall have provided any interest rate quotes pursuant to Section 2.2(e) or such shorter period as Prudential may specify to the Company (such period herein called the “**Acceptance Window**”), the Company may, subject to Section 2.2(g), elect to accept such interest rate quotes as to not less than a $10,000,000 (or such lesser amount as is equal to the Available Facility Amount if the Available Facility Amount is less than $10,000,000 at such time) aggregate principal amount of the Shelf Notes specified in the related Request for Purchase. Such election shall be made by a Responsible Officer of the Company notifying Prudential by telephone or telecopier within the Acceptance Window that the Company elects to accept such interest rate quotes, specifying the Shelf Notes (each such Shelf Note being herein called an “**Accepted Note**”) as to which such acceptance (herein called an “**Acceptance**”) relates. The day the Company notifies Prudential of an Acceptance with respect to any Accepted Notes is herein called the “**Acceptance Day**” for such Accepted Notes. Any interest rate quotes as to which Prudential does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. Subject to Section 2.2(g) and the other terms and conditions hereof, the Company agrees to sell to a Prudential Affiliate, and Prudential agrees to cause the purchase by a Prudential Affiliate of, the Accepted Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company and each Prudential Affiliate which is to purchase any such Accepted Notes will execute a confirmation of such Acceptance substantially in the form of Exhibit 2.2(f) attached hereto (herein called a “**Confirmation of Acceptance**”). If the Company should fail to execute and return to Prudential within three Business Days following receipt thereof a Confirmation of Acceptance with respect to any Accepted Notes, Prudential or any Prudential Affiliate may at its election at any time prior to its receipt thereof cancel the Closing with respect to such Accepted Notes by so notifying the Company in writing.

(g) Market Disruption. Notwithstanding the provisions of Section 2.2(f), if Prudential shall have provided interest rate quotes pursuant to Section 2.2(e) and thereafter prior to the time an Acceptance with respect to such quotes shall have been provided to Prudential in accordance with Section 2.2(f) the domestic market for U.S. Treasury securities or other financial instruments shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in United States securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or other financial instruments, or in the market for U.S. Treasury securities and other financial instruments, or in the case of quotes with respect to Floating Rate Shelf Notes bearing interest at the LIBOR Rate, a general suspension, material limitation or significant disruption in the London interbank market, then such interest rate quotes shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies Prudential of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and Prudential shall promptly notify the Company that the provisions of this Section 2.2(g) are applicable with respect to such Acceptance.

(h) Facility Closings. Not later than 11:30 A.M. (New York City local time) on the Closing Day for any Accepted Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of The Prudential Insurance Company of America, 1170 Peachtree Street, Suite 500, Atlanta, Georgia 30309 (or such other place as designated by Prudential), the Accepted Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on such Closing Day, dated such Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price therefor by transfer of immediately available funds for credit to the Company's account specified in the Request for Purchase of such Notes. If the Company fails to tender to any Purchaser the Accepted Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Notes as provided above in this Section 2.2(h), or any of the conditions specified in Section 4.2 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 1:00 P.M., New York City local time, on such scheduled Closing Day notify Prudential (which notification shall be deemed received by each Purchaser) in writing whether (i) such Closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "**Rescheduled Closing Day**")) and certify to Prudential (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in Section 4.2 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee in accordance with Section 2.2(i)(ii) or (ii) such Closing is to be canceled. In the event that the Company shall fail to give such notice referred to in the preceding sentence, Prudential (on behalf of each Purchaser) may at its election, at any time after 1:00 P.M., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is to be canceled. Notwithstanding anything to the contrary appearing in this Agreement, the Company may elect to reschedule a Closing with respect to any given Accepted Notes on not more than one occasion, unless Prudential shall have otherwise consented in writing.

(i) Fees.

(i) Issuance Fee. The Company will pay to each Purchaser in immediately available funds a fee (herein called the "**Issuance Fee**") on each Closing Day in an amount equal to 0.125% of the aggregate principal amount of Notes sold to such Purchaser on such Closing Day.

(ii) Fixed Rate Delayed Delivery Fee. If (x) the rate of interest specified in a Confirmation of Acceptance in respect of any Accepted Note is a fixed rate of interest and (y) the closing of the purchase and sale of any Accepted Note is delayed for any reason beyond the original Closing Day for such Accepted Note, the Company will pay to the Purchaser of such Accepted Note (a) on the Cancellation Date or actual closing date of such purchase and sale and (b) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Note and on each Business Day following 90 days after the prior payment hereunder, a fee (herein called the "**Delayed Delivery Fee**") calculated as follows:

(BEY - MMY) x DTS/360 X PA

where "**BEY**" means Bond Equivalent Yield, i.e., the bond equivalent yield per annum of such Accepted Note; "**MMY**" means Money Market Yield, i.e., the yield per annum on a commercial paper investment of the highest quality selected by Prudential on the date Prudential receives notice of the delay in the closing for such Accepted Note having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days (a new alternative investment being selected by Prudential each time such closing is delayed); "**DTS**" means Days to Settlement, i.e., the number of actual days elapsed from and including the original Closing Day with respect to such Accepted Note (in the case of the first such payment with respect to such Accepted Note) or from and including the date of the next preceding payment (in the case of any subsequent Delayed Delivery Fee payment with respect to such Accepted Note) to but excluding the date of such payment; and "**PA**" means Principal Amount, i.e., the principal amount of the Accepted Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Note on any day other than the Closing Day for such Accepted Note, as the same may be rescheduled in compliance with Section 2.2(h).

(iii) Fixed Rate Notes Cancellation Fee. If the Company at any time notifies Prudential in writing that the Company is canceling the closing of the purchase and sale of any Accepted Note that is specified to bear interest at a fixed rate of interest in the applicable Confirmation of Acceptance, or if Prudential or any Prudential Affiliate notifies the Company in writing under the circumstances set forth in the last sentence of Section 2.2(f) or the penultimate sentence of Section 2.2(h) that the closing of the purchase and sale of such Accepted Note is to be canceled, or if the closing of the purchase and sale of such Accepted Note is not consummated on or prior to the last day of the Issuance Period (the date of any such notification, or the last day of the Issuance Period, as the case may be, being herein called the "**Cancellation Date**"), the Company will pay the Purchasers in immediately available funds an amount (the "**Cancellation Fee**") calculated as follows:

PI x PA

where "**PI**" means Price Increase, i.e., the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by Prudential) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by Prudential) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Note by (b) such bid price; and "**PA**" has the meaning ascribed to it in Section 2.2(i)(ii). The foregoing bid and ask prices shall be as reported by TradeWeb LLC (or, if such data for any reason ceases to be available through TradeWeb LLC, any publicly available source of similar market data). Each price shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

3. ENTRY INTO AGREEMENT; CLOSINGS.

3.1. First Closing.

The closing of the sale and purchase of Series C Notes to be purchased by the Purchasers shall occur at the offices of Bingham McCutchen LLP, 399 Park Avenue, New York, New York 10022, at 10:00 a.m., local time, at a closing (the "**First Closing**") on December 22, 2006 (the "**First Closing Date**"), or such other date and place as agreed in writing by Prudential and the Company. At the First Closing the Company will deliver to each Purchaser the Series C Notes to be purchased by such Purchaser in the form of a single Note of such Series (or such greater number of such Notes in denominations of at least $100,000, as the Purchasers may request), dated the First Closing Date and registered in such Purchaser's name (or in the name of such Purchaser's nominee), as indicated in Schedule A, against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor as directed by the Company in Schedule 3. The obligations of Prudential to enter into this Agreement and to make the Facility available to the Company, and of the Purchasers of the Series C Notes to purchase the Series C Notes are subject to the satisfaction, on or before the First Closing Date, of the conditions set forth in Section 4.1 below. If, on the First Closing Date the Company fails to tender to the Purchasers the Series C Notes to be acquired by such Purchasers on the First Closing Date, or if the conditions specified in Section 4.1 have not been fulfilled to Prudential's or each Purchaser's satisfaction, Prudential or such Purchaser shall, at its election, be relieved of all further obligations under this Agreement without thereby waiving any rights Prudential or each such Purchaser may have by reason of such failure or such nonfulfillment.

3.2. Subsequent Closings

The closing of the sale and purchase of any Series of Shelf Notes to be purchased by the Purchasers shall occur at the offices of Bingham McCutchen LLP, 399 Park Avenue, New York, New York 10022, (or such other place as designated by Prudential) at 10:00 a.m., local time, at a closing (the "**Closing**") on the Closing Day specified for such sale and purchase in the Confirmation of Acceptance delivered by the Purchasers in connection with such Series. At such Closing the Company will deliver to each Purchaser the Notes of the Series to be purchased by such Purchaser in the form of a single Note of such Series (or such greater number of such Notes in denominations of at least $100,000, as the Purchasers may request), dated the Closing Day and registered in such Purchaser's name (or in the name of such Purchaser's nominee), as indicated in the applicable Confirmation of Acceptance, against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor as directed by the Company in the applicable Request for Purchase. The obligation of each Purchaser to purchase the Notes to be sold to it on any Closing Day after the First Closing Date, is subject to the satisfaction, on or before each such Closing Day, of the conditions set forth in Section 4.2 below. If, on such Closing Day, the Company fails to tender to the Purchasers the Notes to be acquired by such Purchasers on such Closing Day, or if the conditions specified in Section 4.2 have not been fulfilled to each Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement without thereby waiving any rights each such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSINGS.

4.1. Conditions to First Closing Date.

The obligation of Prudential to enter into this Agreement and to make the Facility available to the Company, and of each Purchaser of the Series C Notes to purchase the Series C Notes, is subject to the fulfillment to Prudential's and each such Purchaser's satisfaction, prior to or on the First Closing Date, of the following conditions:

(a) Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct on the First Closing Date.

(b) Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or on the First Closing Date and, after giving effect to the consummation of this Agreement, no Default or Event of Default shall have occurred and be continuing.

(c) Compliance Certificates.

(i) Company Officer's Certificate. The Company shall have delivered to Prudential and each Purchaser of Series C Notes an Officer's Certificate, dated the First Closing Date, certifying that the conditions specified in Sections 4.1(a), 4.1(b) and 4.1(i) have been fulfilled.

(ii) Company Secretary's Certificate. The Company shall have delivered to Prudential and each Purchaser of Series C Notes a certificate of the Secretary or Assistant Secretary of the Company, dated the First Closing Date, certifying as to the resolutions attached thereto, other corporate proceedings and corporate organizational documents relating to the authorization, execution and delivery of the Notes and this Agreement.

(d) Opinions of Counsel.

Prudential and each Purchaser of Series C Notes shall have received opinions in form and substance satisfactory to it, dated the First Closing Date (i) from Holland & Knight LLP, counsel for the Company, covering the matters set forth in Exhibit 4.1(d)(i) and covering such other matters incident to the transactions contemplated hereby as such Purchasers or their counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to each such Purchaser and Prudential and (ii) from Bingham McCutchen LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.1(d)(ii) and covering such other matters incident to such transactions as any Purchaser or Prudential may reasonably request.

(e) Purchase Permitted By Applicable Law, etc.

On the applicable Closing Day, each Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which it is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the First Closing Date. If so requested, each Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as it may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

(f) Sale of Other Notes.

Contemporaneously with the First Closing the Company shall sell to each Purchaser and each Purchaser shall purchase the Notes to be purchased by it at the First Closing as specified in Schedule A.

(g) Payment of Fees.

(i) Without limiting the provisions of Section 15.1, the Company shall have paid on or before the First Closing Date the fees, charges and disbursements of the special counsel of Prudential and each Purchaser of Series C Notes referred to in Section 4.1(d) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the First Closing Date.

(ii) The Company shall have paid on or before the First Closing Date the fees due to Prudential pursuant to or in connection with this Agreement.

(h) Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each Series of Notes to be purchased and sold on the First Closing Date.

(i) Changes in Corporate Structure.

Except as specified in Schedule 4.1(i), the Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.3.

(j) Wire Instructions.

No later than three (3) Business Days prior to the First Closing Date, the Company shall have delivered to the Purchasers a letter on the Company's letterhead which provides the wiring instructions for the Purchasers to wire their funds for payment of the Series C Notes.

(k) Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to Prudential and Prudential and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as Prudential or such counsel may reasonably request.

(l) Amendments to Bank Credit Agreement.

On or prior to the First Closing Date, the Company shall have delivered to Prudential and each of the Purchasers of the Series C Notes fully executed copies of (a) that certain Second Amendment to Amended and Restated Revolving and Term Loan Agreement, dated and effective as of the First Closing Date, between the Company and SunTrust Bank and (b) that certain Third Amendment to Revolving Loan Agreement, dated and effective as of the First Closing Date, each in form and substance satisfactory to Prudential and the Purchasers of the Series C Notes.

4.2. Additional Closings

Each Purchaser's obligation to purchase and pay for the Notes to be sold to it at any Closing is subject to the fulfillment to each such Purchaser's satisfaction, prior to or at such Closing, as applicable, of the following conditions:

(a) Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and on the applicable Closing Day.

(b) Performance; No Default.

Each Obligor shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or on the applicable Closing Day and, after giving effect to the issue and sale of the applicable Notes (and the application of the proceeds thereof as contemplated by Schedule 5.13), no Default or Event of Default shall have occurred and be continuing.

(c) Compliance Certificates.

(i) Company Officer's Certificate. The Company shall have delivered to each Purchaser an Officer's Certificate, dated the applicable Closing Day, certifying that the conditions specified in Sections 4.2(a), 4.2(b) and 4.2(i) have been fulfilled.

(ii) Company Secretary's Certificate. The Company shall have delivered to each Purchaser a certificate of the Secretary or Assistant Secretary of the Company, dated the applicable Closing Day, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the applicable Notes and this Agreement.

(iii) Subsidiary Guarantors' Secretary's Certificate. Each of the Subsidiary Guarantors, if any, shall have delivered to each Purchaser a certificate of the Secretary of Assistant Secretary of such Subsidiary Guarantor, dated the applicable Closing Day, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Subsidiary Guaranty, if any, by such Subsidiary Guarantor.

(d) Opinions of Counsel.

Prudential and each Purchaser of Notes to be sold on the applicable Closing Day have received opinions in form and substance satisfactory to it, dated such Closing Day (i) from Holland & Knight LLP, counsel for the Company and certain of the Subsidiary Guarantors, if any, covering the matters set forth in Exhibit 4.2(d)(i) and covering such other matters incident to the transactions contemplated hereby as the Purchasers or their counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to each such Purchaser and Prudential and (ii) from Bingham McCutchen LLP, special counsel to Prudential and the Purchasers of the Notes in connection with such transactions, substantially in the form set forth in Exhibit 4.2(d)(ii) and covering such other matters incident to such transactions as any Purchaser or Prudential may reasonably request.

(e) Purchase Permitted By Applicable Law, etc.

On the applicable Closing Day, each Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which it is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the First Closing Date. If so requested, each Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as it may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

(f) Sale of Other Notes.

Contemporaneously with each Closing the Company shall sell to each Purchaser and each Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in the applicable Confirmation of Acceptance.

(g) Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before such Closing Day (i) the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.2(d) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to such applicable Closing Day and (ii) any Issuance Fee due pursuant to Section 2.2(i)(i) and any Delayed Delivery Fee due pursuant to Section 2.2(i)(ii).

(h) Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each Series of Notes to be purchased and sold on such Closing Day.

(i) Changes in Corporate Structure.

Except as permitted pursuant to Section 10.2, no Obligor shall have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.3.

(j) Wire Instructions.

At least three Business Days prior to the applicable Closing Day, such Purchaser shall have received written instructions executed by a Responsible Officer of the Company on letterhead of the Company directing the manner of the payment of funds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Notes is to be deposited, and (d) the name and telephone number of the account representative responsible for verifying receipt of such funds.

(k) Proceedings and Documents.

On the applicable Closing Day, all corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to Prudential and each Purchaser and its special counsel, and each Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or its counsel may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that as of the First Closing Date and each Closing Day:

5.1. Organization; Power and Authority.

The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2. Authorization.

(a) This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof, each Note will constitute, legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) If the Subsidiary Guaranty has been delivered pursuant to the terms hereof, such Subsidiary Guaranty has been duly authorized by all necessary corporate action on the part of each Subsidiary Guarantor party thereto, if any, and the Subsidiary Guaranty constitutes the legal, valid and binding obligation of each such Subsidiary Guarantor enforceable against each such Subsidiary Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Disclosure.

The Company has furnished, as of the First Closing Date, Prudential with the following financial statements, identified by a Responsible Officer of the Company: (i) the audited consolidated balance sheets of the Company and its Subsidiaries as of December 31, 2003, December 31, 2004 and December 31, 2005 and the related consolidated statements of income and retained earnings and changes in cash flows for the fiscal years then ended (each as subsequently restated), with a report thereon or other certification thereof by independent certified public accountants of recognized national standing selected by the Company and acceptable to Prudential, and (ii) the consolidated balance sheet of the Company and its Subsidiaries as of June 30, 2006 and the related consolidated statements of income and retained earnings for the 6 month period then ended, unaudited but certified by the chief financial officer and treasurer of the Company. Such financial statements, and all other financial statements delivered to Prudential or any Purchaser on or prior to any applicable Closing Day (including those delivered pursuant to Section 7.1), fairly present (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company and its Subsidiaries required to be shown in accordance with such principles. Such balance sheets, and all other balance sheets delivered to Prudential or any Purchaser on or prior to any applicable Closing Day fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as at the dates thereof, and the statements of income and retained earnings and changes in cash flows (subject to year-end adjustments in the case of the financial statements referred to in the preceding clause (i) above) fairly present their results of operations for the periods indicated. Since December 31, 2005, there has not been any material adverse change in the business, property, assets, condition (financial or otherwise), operations or prospects of the Company and its Subsidiaries taken as a whole.

5.4. Organization and Ownership of Shares of Subsidiaries.

As of the First Closing Date:

(a) Schedule 5.4 contains (except as noted therein) a complete and correct list of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its Capital Stock outstanding owned by the Company and each other Subsidiary.

(b) All of the outstanding shares of Capital Stock of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact, to execute and deliver the Subsidiary Guaranty, if any, and to perform the provisions thereof.

As of each Closing Day other than the First Closing Date, the Company has furnished to the Prudential and the Purchasers of the Notes to be purchased on such Closing Day all such supplemental information as is required to make the representations set forth in Sections 5.4(a) through (c) above true and correct as of such Closing Day.

5.5. Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by each Obligor of the Financing Documents to which such Obligor is a party will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.6. Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by (a) the Company of this Agreement or the Notes and (b) if applicable, each Subsidiary Guarantor of the Subsidiary Guaranty.

5.7. Litigation; Observance of Statutes and Orders.

(a) Except as disclosed in Schedule 5.7, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.8. Taxes.

The Company and its Subsidiaries have filed all income tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. Neither the Company nor any Subsidiary has entered into any agreement with the Internal Revenue Service tolling the statute of limitations that is currently in effect with respect to any tax returns or any taxes due in respect thereof.

5.9. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.3 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement, except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

5.10. Licenses, Permits, etc.

Except as disclosed in Schedule 5.10, the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

5.11. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or section 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than $3,000,000 in the case of any single Plan and by more than $5,000,000 in the aggregate for all Plans. The term **"benefit liabilities"** has the meaning specified in section 4001 of ERISA and the terms **"current value"** and **"present value"** have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.11(e) is made in reliance upon and subject to the accuracy of each Purchaser's representation in Section 6.2 as to the Sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

(f) Schedule 5.11 sets forth all ERISA Affiliates and all “employee benefit plans” maintained by the Company (or an “affiliate” thereof) or in respect of which the Notes could constitute an “employer security” (“employee benefit plan” has the meaning specified in section 3 of ERISA, “affiliate” has the meaning specified in section 407(d) of ERISA and section V of the Department of Labor Prohibited Transaction Exemption 95-60 (60 FR 35925, July 12, 1995) and “employer security” has the meaning specified in section 407(d) of ERISA).

5.12. Private Offering by the Company.

At the time of the sale of the Notes, neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Prudential and Prudential Affiliates, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.13. Use of Proceeds; Margin Regulations.

The Company will apply the proceeds of the sale (i) of the Series C Notes as set forth in Schedule 5.13 and (ii) of any other Notes as set forth in any Request for Purchase delivered to Prudential in respect such Notes. None of the proceeds of the sale of any Notes will be used to finance a Hostile Tender Offer. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms “**margin stock**” and “**purpose of buying or carrying**” shall have the meanings assigned to them in said Regulation U.

5.14. Existing Indebtedness.

Except as described therein, Schedule 5.14 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of the First Closing Date. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary the outstanding principal amount of which exceeds $1,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

5.15. **Foreign Assets Control Regulations, etc**.

Neither the sale of any Notes by the Company hereunder nor its use of the proceeds thereof will violate (a) the Trading with the Enemy Act, as amended, or (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, (i) neither the Company nor any Subsidiary is or will become a blocked Person described by Section 1 of Executive Order 13224 of September 24, 2001, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (31 CFR Part 595 et seq.) and (ii) the Company and its Subsidiaries shall use all commercially reasonable efforts to refrain from engaging in any dealings or transactions, or is otherwise associated, with any such Person.

5.16. **Status under Certain Statutes**.

Neither the Company nor any Subsidiary is (a) subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, or the Federal Power Act, as amended or (b) in violation of the USA Patriot Act.

6. REPRESENTATIONS OF THE PURCHASER.

6.1. **Purchase for Investment**.

Each Purchaser severally represents that it is purchasing the Notes being purchased by such Purchaser for its own account or for one or more separate accounts or investment funds maintained or managed by such Purchaser or for the account of one or more pension or trust funds over which such Purchaser has investment discretion and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2. **Source of Funds**.

Each Purchaser represents that at least one of the following statements is an accurate representation as to each source of funds (a "**Source**") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in PTE 95-60 in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "**NAIC Annual Statement**")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such employee benefit plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of part V of PTE 84-14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of section IV of PTE 96-23 (the "**INHAM Exemption**")) managed by an "in-house asset manager" or "INHAM" (within the meaning of part IV of the INHAM exemption), the conditions of part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in section IV(d) of the INHAM Exemption) owns a 5% or greater interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this paragraph (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "**employee benefit plan**," "**governmental plan**," and "**separate account**" shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements. -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the consolidated financial position of the companies being reported on and their consolidated results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements. -- within 90 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports. -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission;

(d) Notice of Default or Event of Default. -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters. -- with reasonable promptness, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the First Closing Date; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) Rule 144A. -- with reasonable promptness, after any holder of Notes so requests, such information regarding the Obligors required to satisfy the requirements of Rule 144A under the Securities Act, as amended from time to time, in connection with any contemplated transfer of the Notes pursuant to Rule 144A; and

(g) Requested Information. -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of any Obligor to perform its obligations under the Financing Documents to which it is a party as from time to time may be reasonably requested by any such holder of Notes.

7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.2(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance. -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.5, Section 10.6 and Section 10.9, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage at the end of such period or then in existence); and

(b) Event of Default. -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. **Inspection**.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default. -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company and during normal business hours unless otherwise agreed by the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and, with the consent of the Company (which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; provided that neither the Company nor any of its Subsidiaries shall be required to disclose information that the Company or such Subsidiary is prohibited from disclosing by the terms of a confidentiality agreement binding upon the Company or such Subsidiary and not entered into in contemplation of this clause (a) provided the Company has made a good faith attempt to obtain consent from the party in whose favor the obligation of confidentiality was made to permit disclosure of the relevant information; and

(b) Default. -- if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1. **Required Prepayments**.

The outstanding principal amount, if any, of (a) the Series C Notes shall be repaid by the Company, at par and without payment of the Make-Whole Amount or any premium, on December 22, 2016 and (b) any other Series of Notes shall be repaid by the Company at par and without payment of the applicable Make-Whole Amount or Optional Floating Rate Prepayment Amount or any premium, on the maturity date specified for such Series in the applicable Confirmation of Acceptance.

8.2. **Optional Prepayments** .

(a) Minimum Prepayment. The Company may, at its option, upon notice as provided below, prepay at any time (provided that if any Floating Rate Shelf Notes are outstanding at such time such date must be at the end of an Interest Period) all, or from time to time any part of, the Notes, in an amount not less than $5,000,000 (and integral multiples of $100,000 thereof) which may be prepaid by the Company at such time then outstanding and, in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the applicable Make-Whole Amount, Breakage Cost Obligation or Optional Floating Rate Prepayment Amount, if any, determined for the prepayment date with respect to such Notes and such principal amount.

(b) Prepayment and Notice to Holders of Fixed Rate Notes. The Company will give each holder of Fixed Rate Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall state that it is being provided pursuant to this Section 8.2, shall specify the date of such prepayment (which shall be a Business Day), the Series and the aggregate principal amount of the Fixed Rate Notes to be prepaid on such date, the principal amount of each Fixed Rate Note of each Series held by such holder to be prepaid (determined in accordance with Section 8.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Fixed Rate Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(c) Optional Prepayments of Floating Rate Shelf Notes. The Company will give each holder of Floating Rate Shelf Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall state that it is being provided pursuant to this Section 8.2, shall specify the date of such prepayment (which shall be a Business Day), the Series and the aggregate principal amount of each Floating Rate Shelf Note of each Series held by such holder to be prepaid on such date, the principal amount of each Floating Rate Shelf Note held by such holder to be prepaid (determined in accordance with Section 8.5), the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and the Optional Floating Rate Prepayment Amount, if any, with respect to such Series to be paid by the Company in connection with such prepayment. The "**Optional Floating Rate Prepayment Amount**" shall mean, as to any Series of Floating Rate Shelf Notes as of any date, an amount equal to the product of (i) the aggregate principal amount of the Floating Rate Shelf Notes of such Series to be prepaid on such date under this Section 8.2 and (ii) the applicable percentage set forth in the following table opposite the period during which such prepayment occurs:

Period During Which Prepayment Occurs	**Applicable Percentage**
Closing Day of such Series through and including the first anniversary of such Closing Day	2%
The day after the first anniversary of the Closing Day of such Series through and including the second anniversary of such Closing Day	1%

8.3. Prepayment of Notes Upon Change in Control.

(a) Notice of Change in Control. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control, give written notice of such Change in Control to each holder of Notes. In the case that a Change in Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subsection (b) of this Section 8.3 and shall be accompanied by the certificate described in subsection (e) of this Section 8.3.

(b) Offer to Prepay Notes. The offer to prepay Notes contemplated by subsection (a) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case and in the case of Section 8.4(a) only, "**holder**" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "**Change in Control Prepayment Date**"), that is not less than 45 days and not more than 60 days after the date of such offer (if the Change in Control Prepayment Date shall not be specified in such offer, the Change in Control Prepayment Date shall be the 45th day after the date of such offer).

(c) Acceptance; Rejection. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company not more than 30 days after the date the written offer notice referred to in subsection (a) of this Section 8.3 is given to the holders of the Notes. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder on the last date for acceptance provided for in this subsection (c).

(d) Prepayment. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the applicable Change in Control Prepayment Date and, in respect of all Floating Rate Shelf Notes, if any, to be so prepaid, any Breakage Cost Obligation to be paid in accordance with the provisions of Section 8.9(b). Each prepayment of Notes pursuant to this Section 8.3 shall be made on the applicable Change in Control Prepayment Date.

(e) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the proposed Change in Control Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid as of the Change in Control Prepayment Date; (v) that the conditions of this Section 8.3 have been fulfilled; and (vi) in reasonable detail, the nature and date of the Change in Control (including, if known, the name or names of the Person or Persons acquiring control).

(f) Change in Control Defined. A "**Change in Control**" shall occur if any Person or group of Persons acting in concert, together with Affiliates thereof (other than members of the Brown Family), shall in the aggregate, directly or indirectly, control or own (beneficially or otherwise) more than 50% of the issued and outstanding Voting Stock of the Company at any time after the First Closing Date or shall otherwise have the ability to elect a majority of the members of the board of directors of the Company.

8.4. Offer to Prepay upon the Sale of Certain Assets.

(a) Notice and Offer. In the event of any Debt Prepayment Application under Section 10.3 of this Agreement (a "**Debt Prepayment Transfer**"), the Company will offer to prepay the Notes (the **"Transfer Prepayment Offer"**) in compliance with the requirements for a Debt Prepayment Application (as set forth in the definition thereof), and give written notice of such offer to each holder of Notes. Such written notice shall contain, and such written notice shall constitute, an irrevocable offer to prepay, at the election of each holder, a portion of the Notes held by such holder equal to such holder's Ratable Portion of the Net Proceeds in respect of such Debt Prepayment Transfer on a date specified in such notice (the **"Transfer Prepayment Date"**) that is not less than thirty (30) days and not more than sixty (60) days after the date of such notice, together with interest on the amount to be so prepaid accrued to the Transfer Prepayment Date and, in respect of all Floating Rate Shelf Notes, if any, to be so prepaid, any Breakage Cost Obligation to be paid in accordance with the provisions of Section 8.9(b). If the Transfer Prepayment Date shall not be specified in such notice, the Transfer Prepayment Date shall be the fortieth (40th) day after the date of such notice.

(b) Acceptance and Payment. To accept such Transfer Prepayment Offer, a holder of Notes shall cause a notice of such acceptance to be delivered to the Company not later than ten (10) Business Days after the date of such written notice from the Company, provided, that failure to accept such offer in writing within ten (10) Business Days after the date of such written notice shall be deemed to constitute a rejection of the Transfer Prepayment Offer. If so accepted by any holder of a Note, such offered prepayment (equal to not less than such holder's Ratable Portion of the Net Proceeds in respect of such Debt Prepayment Transfer) shall be due and payable on the Transfer Prepayment Date. Such offered prepayment shall be made at one hundred percent (100%) of the principal amount of such Notes being so prepaid, together with interest on such principal amount then being prepaid accrued to the Transfer Prepayment Date and, in respect of all Floating Rate Shelf Notes, if any, to be so prepaid, any Breakage Cost Obligation to be paid in accordance with the provisions of Section 8.9(b).

(c) Officer's Certificate. Each Transfer Prepayment Offer pursuant to this Section 8.4 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying (i) the Transfer Prepayment Date, (ii) the Net Proceeds in respect of the applicable Debt Prepayment Transfer, (iii) that such offer is being made pursuant to Section 8.4 and Section 10.3 of this Agreement, (iv) the principal amount of each Note offered to be prepaid, (v) the interest that would be due on each Note offered to be prepaid, accrued to the Transfer Prepayment Date, (vi) the calculation of the Ratable Portion of the Net Proceeds in respect of such Debt Prepayment Transfer and (vii) in reasonable detail, the nature of the Transfer giving rise to such Debt Prepayment Transfer and certifying that no Default or Event of Default exists or would exist after giving effect to the prepayment contemplated by such offer.

(d) Notice Concerning Status of Holders of Notes. Promptly after each Transfer Prepayment Date and the making of all prepayments contemplated on such Transfer Prepayment Date under this Section 8.4 (and, in any event, within thirty (30) days thereafter), the Company shall deliver to each holder of Notes a certificate signed by a Senior Financial Officer of the Company containing a list of the then current holders of Notes (together with their addresses) and setting forth as to each such holder the outstanding principal amount of Notes held by such holder at such time.

8.5. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes of each Series in respect of which a prepayment is to be made at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.6. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, Optional Floating Rate Prepayment Amount and Breakage Cost Obligation, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and applicable Make-Whole Amount, Optional Floating Rate Prepayment Amount and Breakage Cost Obligation, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.7. Purchase of Notes.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata (without regard to Series) to the holders of all Notes at the time outstanding upon substantially the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 14 Business Days. If the holders of more than 15% of the principal amount of the Notes then outstanding timely accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.8. Make-Whole Amount.

The term **"Make-Whole Amount"** means, with respect to any Fixed Rate Note of any Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Fixed Rate Note of such Series over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Fixed Rate Note of any Series, the principal of such Fixed Rate Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Fixed Rate Note of any Series, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Series of Fixed Rate Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Fixed Rate Note of any Series, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" on the Bloomberg Financial Market Service (or such other display as may replace Page PX1 on Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the duration closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the duration closest to and less than the Remaining Average Life. The Reinvestment Yield will be rounded to the number of decimals as appears in the coupon for the applicable Series of Fixed Rate Notes.

"Remaining Average Life" means, with respect to any Called Principal of any Series of Fixed Rate Notes, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Fixed Rate Note of any Series, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Fixed Rate Notes of such Series, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Fixed Rate Note of any Series, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

8.9. Floating Rate Note Shelf Provisions .

(a) Interest. Floating Rate Shelf Notes shall bear interest on the unpaid balance thereof, during each Interest Period, at a rate per annum equal to the LIBOR Rate or Prime Rate, as applicable, in respect of such Interest Period. The LIBOR Rate in respect of any such Interest Period shall be determined (a) by Prudential so long as Prudential Affiliates hold at least 66 2/3% of the aggregate principal amount of the Shelf Notes outstanding at such time, and (b) in all other circumstances, by the holder(s) of the largest aggregate principal amount of Floating Rate Shelf Notes outstanding at such time. Interest on the Floating Rate Shelf Notes shall (1) be payable (w) on the last day of each Interest Period or if such Interest Period is longer than three (3) months, on the date which occurs three (3) months after the first day of such Interest Period, (x) on the date of any prepayment (on the amount prepaid), (y) at maturity (whether accelerated or otherwise) and (z) after such maturity, on demand; and (2) be computed on the actual number of days elapsed over, in the case of any Floating Rate Shelf Note bearing interest at the LIBOR Rate, a year of 360 days and, in the case of any Floating Rate Shelf Note bearing interest at the Prime Rate, a year of 365 or 366 days, as the case may be.

(i) The initial Interest Period for each Series of Floating Rate Shelf Notes shall be as provided in the applicable Confirmation of Acceptance in respect of such Series. Thereafter, in an irrevocable written notice received from the Company by each holder of a Floating Rate Shelf Note of such Series no later than 12:00 noon New York City time on the third Business Day prior to the end of an Interest Period with respect to any outstanding Floating Rate Shelf Note, the Company shall elect the next applicable Interest Period for such Shelf Note; provided, that (a) at no time may more than one Interest Period be in effect with respect to each Series of Floating Rate Shelf Notes and (b) the Company may not select any Interest Period for any Series of Floating Rate Shelf Notes that would extend beyond the maturity date of such Series of Shelf Notes. Such change in Interest Period shall be effective as of the end of the then current Interest Period.

(ii) If the Company fails to properly give any notice with respect to any outstanding Floating Rate Shelf Note pursuant to Section 8.9(a)(i) in a timely manner, the Company shall be deemed to have elected an Interest Period of equivalent duration to the immediately preceding Interest Period. Promptly after the beginning of each Interest Period, at the written request of the Company, Prudential or the holder of the greatest aggregate principal amount of the applicable Series of Floating Rate Shelf Notes, as provided in clause (i) of this Section 8,9, shall notify the Company of the LIBOR Rate or Prime Rate for such Interest Period. Failure to give any such notice shall not affect the obligations of the Company hereunder nor create any liability on any holder of such Shelf Note. Each determination of the applicable interest rate on any portion of the outstanding principal amount of such Series of Floating Rate Shelf Notes for any Interest Period by such holder of the Shelf Notes of the applicable Series in accordance with this Section 8.9(a)(ii) shall be conclusive and binding upon the Company and all holders of such Shelf Notes absent manifest error.

(b) Breakage Cost Obligation.

(i) The Company agrees to indemnify each holder of any Floating Rate Shelf Notes which bear interest at the LIBOR Rate for, and to pay promptly to such holder upon written request, any amounts required to compensate such holder for any losses, costs or expenses sustained or incurred by such holder (including, without limitation, any loss (excluding loss of anticipated profits and punitive damages), cost or expense sustained or incurred by reason of the liquidation or reemployment of deposits or other funds acquired to fund or maintain any loan evidenced by a Floating Rate Shelf Note) as a consequence of (a) any event (including any prepayment of Floating Rate Shelf Notes pursuant to Sections 8.2, 8.3 or 8.4 or any acceleration of Floating Rate Shelf Notes in accordance with Section 12.1) which results in (x) such holder receiving any amount on account of the principal of a Floating Rate Shelf Note prior to the end of the Interest Period in effect therefor or (y) the conversion of the interest rate applicable to any Floating Rate Shelf Note from the LIBOR Rate to the Prime Rate pursuant to any provision of this Section 8.9 other than on the last day of the Interest Period in effect therefor, (b) any default in the making of any payment or prepayment required to be made in respect of the Floating Rate Shelf Notes, or (c) the closing of the purchase and sale of any Floating Rate Shelf Note being delayed for any reason beyond the date which is ten (10) days following the Acceptance Day in respect of such Floating Rate Shelf Note (such amount being the "**Breakage Cost Obligation**").

(ii) A certificate of any holder of Floating Rate Shelf Notes setting forth any amount or amounts which such holder is entitled to receive pursuant to this Section 8.9(b), together with calculations in reasonable detail reflecting the basis for such amount or amounts, shall be delivered to the Company and shall be conclusive absent manifest error. Subject to the preceding sentence, the Company agrees to pay such holder the amount shown as due on any such certificate within five (5) Business Days after receipt of such certificate and accompanying calculation.

(c) Reserve Requirement, Change in Circumstances.

(i) Notwithstanding any other provision of this Agreement, if after the First Closing Date any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any holder of a Floating Rate Shelf Note which bears interest at the LIBOR Rate of the principal of or interest on any such Floating Rate Shelf Note or any fees, expenses or indemnities payable hereunder (other than changes in respect of franchise or other taxes imposed on the overall net income of such holder or any participant by the United States or the jurisdiction in which such holder or such participant has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any holder of Floating Rate Shelf Notes which bear interest at the LIBOR Rate or shall impose on such holder or the London interbank market any other condition affecting this Agreement or such Floating Rate Shelf Notes held by such holder and the result of any of the foregoing shall be to increase the cost to such holder of making or maintaining any loan at the LIBOR Rate or to reduce the amount of any payment received or receivable by such holder hereunder or under any of such Floating Rate Shelf Notes (whether of principal, interest or otherwise) by an amount reasonably deemed by such holder to be material, then, subject to Section 8.9(d) hereof, the Company will pay to such holder such additional amount or amounts as will compensate such holder for such additional costs incurred or reduction suffered.

(ii) If any holder of a Floating Rate Shelf Note which bears interest at the LIBOR Rate shall have reasonably determined that the adoption after the date hereof of any law, rule, regulation, agreement or guideline regarding capital adequacy, or any change after the date hereof in any such law, rule, regulation, agreement or guideline (whether such law, rule, regulation, agreement or guideline has been adopted before or after the date hereof) or in the interpretation or administration thereof, or compliance by such holder with any request or directive regarding capital adequacy (whether or not having the force of law) of any Governmental Authority has or would have the effect of reducing the rate of return on such holder’s capital as a consequence of extending credit with respect to such Floating Rate Shelf Note to a level below that which such holder could have achieved but for such applicability, adoption, change or compliance (taking into consideration such holder’s policies with respect to capital adequacy) by an amount deemed by such holder to be material, then from time to time the Company agrees to pay to such holder, subject to Section 8.9(d) hereof and the foregoing provisions of this Section 8.8(c)(ii), such additional amount or amounts as will compensate such holder for any such reduction suffered.

(iii) A holder of Floating Rate Shelf Notes shall deliver to the Company, promptly after it has made a determination that any of the circumstances specified in the foregoing clauses (i) or (ii) apply, a certificate setting forth (a) the amount or amounts necessary to compensate such holder as specified in clause (i) or (ii) above, which certificate shall be conclusive absent manifest error and (b) the Prime Rate that would be applicable to any such Floating Rate Shelf Notes if the Company converts such Floating Rate Shelf Notes from the LIBOR Rate to the Prime Rate pursuant to Section 8.9(d) hereof. Subject to Section 8.9(d) hereof and the foregoing provisions of this Section 8.9(c)(iii), the Company agrees to pay such holder the amount shown as due, referred to in clause (a) of this Section 8.9(c)(iii), on any such certificate within five (5) Business Days after its receipt of the same.

(iv) Subject to Section 8.9(c)(v), failure or delay on the part of any holder of Floating Rate Shelf Notes to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital shall not constitute a waiver of such holder's right to demand such compensation with respect to any period. The protection of this paragraph shall be available to any such holder regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, agreement, guideline or other change or condition that shall have occurred or been imposed.

(v) Notwithstanding the foregoing clauses (i) and (ii) of this Section 8.9(c) and subject to Section 8.9(d) hereof, the Company shall only be obligated to compensate a holder of Floating Rate Shelf Notes for any amount described in such clauses (i) or (ii) arising or accruing during (a) any time period commencing not more than three months prior to the date on which such holder shall have notified the Company that such holder proposes to demand such compensation and shall have identified to the Company the statute, regulation or other basis upon which the claimed compensation is or will be based and (b) any time or period during which, because of the retroactive application of the statute, regulation or other basis, such holder did not know that such amount would arise or accrue.

(d) Illegality. Notwithstanding any other provision of this Agreement, if, after the date hereof, any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any holder of the Floating Rate Shelf Notes to extend credit at the LIBOR Rate or to give effect to its obligations as contemplated hereby with respect to any extension of credit at the LIBOR Rate, then (i) such holder shall promptly deliver to the Company a certificate notifying the Company of such circumstances and setting forth the Prime Rate that would be applicable to any such Floating Rate Shelf Notes and (ii) the obligation of such holder to extend credit with respect to the Floating Rate Shelf Notes at the LIBOR Rate or to continue extending credit at the LIBOR Rate shall forthwith be cancelled and, until such time as it shall no longer be unlawful for such holder to extend credit at the LIBOR Rate, such holder shall then be obligated only to extend credit at the Prime Rate.

(e) Inability to Determine Interest Rate. If one (1) Business Day prior to the first day of any Interest Period, any holder of Floating Rate Shelf Notes shall have determined in good faith (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the London interbank market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate for such Interest Period in accordance with the definition of "LIBOR Rate", such holder shall give facsimile or telephonic notice followed by written notice thereof to the Company as soon as practicable thereafter. If such notice is given, any outstanding Floating Rate Shelf Notes bearing interest at the LIBOR Rate shall be converted, at the end of the then applicable Interest Period, to bear interest at the Prime Rate. Each such Floating Rate Shelf Note shall continue to bear interest at the Prime Rate until such time as such holder has determined in good faith that adequate and reasonable means exist for ascertaining the LIBOR Rate. Upon any such determination by such holder, such holder shall promptly deliver to the Company written notice that circumstances causing such conversion from the LIBOR Rate to the Prime Rate have ceased, and on the first day of the next succeeding Interest Period (deemed to be the Interest Period of equivalent duration to the Interest Period elected by the Company in the most recent written notice received from the Company to each holder of a Floating Rate Shelf Note pursuant to Section 8.9(a)(i)), each Floating Rate Shelf Note may, at the option of the Company, bear interest at the LIBOR Rate determined as originally defined hereby.

(f) Effectiveness of Provisions. The provisions of this Section 8.9 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Floating Rate Shelf Notes, the invalidity or unenforceability of any term or provision of this Agreement or any Floating Rate Shelf Note, or any investigation made by or on behalf of any holder of Floating Rate Shelf Notes.

(g) Avoidance by holders of Notes. Each of the holders of the Notes agrees that, upon the occurrence of any event giving rise to the operation of Section 8.9(c) or Section 8.9(d) with respect to such holder it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such holder for any loans affected by such event), to avoid the consequence of the event giving rise to the operation of any such paragraph, provided that any action taken in connection with such efforts does not result in such holder suffering any material economic, legal or regulatory disadvantage. Nothing in this Section 8.9(g) shall affect or postpone any of the obligations of the Company or the right of the holders of Note provided in Section 8.9(c) or Section 8.9(d).

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not reasonably be expected, individually or in the aggregate, to have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries taken as a whole.

9.2. Insurance.

The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. Maintenance of Properties.

The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries taken as a whole.

9.4. Payment of Taxes.

The Company will, and will cause each of its Subsidiaries to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, provided that neither the Company nor any Subsidiary need pay any such tax or assessment if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate would not reasonably be expected to have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries taken as a whole.

9.5. Corporate Existence, etc.

The Company will at all times preserve and keep in full force and effect its corporate existence. Except as provided in Section 10.2 and Section 10.3, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries taken as a whole.

9.6. Subsidiary Guarantors.

(a) If, at any time on or after January 31, 2007, any Subsidiary remains or becomes obligated under any Guaranty of Indebtedness of the Company, in an aggregate amount equal to or greater than $30,000,000, the Company shall cause each such Subsidiary to become a Subsidiary Guarantor on a joint and several basis with all other Subsidiary Guarantors under the Subsidiary Guaranty as promptly as practicable (but in any event within 30 days) after such date, by causing each such Subsidiary (such Subsidiaries, collectively, the "**Initial Subsidiary Guarantors**") to execute and deliver to the holders of the Notes a guaranty agreement (as may be amended, restated or modified from time to time, the "**Subsidiary Guaranty**"), substantially in the form of Exhibit 9.6(a), together with and such opinions of counsel, certificates accompanying authorizing resolutions and corporate or similar documents, and such other agreements, instruments and other documents as the Required Holders may reasonably request, each of the foregoing in form and substance reasonably satisfactory to the Required Holders; *provided,* however, that if the Company has delivered to the holders of the Notes issued under the 2004 Note Purchase Agreement a request pursuant to Section 9.6(b) of the 2004 Note Purchase Agreement, that any Subsidiary which has guaranteed the obligations in respect of such Notes be released from its obligations under such Guaranty (and is not subject to any other Guaranty which would require such Subsidiary to executed a Guaranty of the Notes issued hereunder), then the Company shall not be required to cause any such Subsidiary to provide a Guaranty pursuant to this Section 9.6(a) unless such Subsidiary remains obligated under such Guaranty on or after March 5, 2007, after which time the Company shall cause such Subsidiary to become a Subsidiary Guarantor pursuant to the terms of this Section 9.6(a) as promptly as practicable (but in any event within 30 days) after March 5, 2007.

(b) At any time after any Subsidiary shall have executed and delivered the Subsidiary Guaranty pursuant to Section 9.6(a), the Company will cause each Subsidiary which has subsequently provided or does provide a Guaranty of the Indebtedness of the Company in an aggregate amount equal to or greater than $30,000,000 to become a Subsidiary Guarantor on a joint and several basis with all other Subsidiary Guarantors under the Subsidiary Guaranty as promptly as practicable after (but in any event within 30 days of) the date such Subsidiary first guaranties such Indebtedness, by causing such Subsidiary to execute and deliver to the holders of the Notes, (A) a joinder agreement to the Subsidiary Guaranty in accordance with the provisions thereof, and (B) such opinions of counsel, certificates accompanying authorizing resolutions and corporate or similar documents, and such other agreements, instruments and other documents as the Required Holders may reasonably request, each of the foregoing in form and substance reasonably satisfactory to the Required Holders.

(c) At any time after any Subsidiary shall have executed and delivered the Subsidiary Guaranty pursuant to Section 9.6(a) or a joinder thereto pursuant to Section 9.6(b), the holders of the Notes agree that if all of the obligations of any Subsidiary Guarantor, if any, whether direct or indirect, as a co-borrower, guarantor or otherwise, in respect of such Indebtedness of the Company as gave rise to obligation of such Subsidiary to deliver the Subsidiary Guaranty or such joinder shall, at any time after the First Closing Date, be terminated by the holders of such Indebtedness, the holders of the Notes shall, within 30 days of receipt of a written request of the Company, take such action and execute such documents as the Company or such Subsidiary shall reasonably request to give effect to the termination, release and discharge of such Subsidiary's obligations under the Subsidiary Guaranty so long as no Default or Event of Default is continuing; *provided, however*, that such Subsidiary Guarantor shall not be released from its obligations as a Subsidiary Guarantor if in connection with the release of such Subsidiary Guarantor from its obligations under such Guaranty of the Indebtedness of the Company, the Company or any of its Subsidiaries pays any consideration to the holders of such Indebtedness in consideration of such release, unless the holders of Notes are paid equivalent consideration for such release; and *provided*, *further*, that in the event any such Subsidiary Guarantor shall at any time after the release provided for in this Section 9.6 enter into a Guaranty of, or otherwise become directly or indirectly liable for (whether by way of becoming a co-borrower, guarantor or otherwise), all or any part of the Indebtedness of the Company in an aggregate amount equal to or greater than $30,000,000, the Company will cause such Subsidiary Guarantor contemporaneously with entering into any such Guaranty or incurring such liability (and in any event within 30 days thereafter) to execute and deliver to the holders of the Notes, (A) if the Subsidiary Guaranty has been executed and delivered pursuant to the terms of Section 9.6(a) and remains in effect at such time, a joinder agreement to the Subsidiary Guaranty in accordance with the provisions of Section 9.6(b) above, and (B) if the Subsidiary Guaranty shall not be in effect at such time, the Subsidiary Guaranty in accordance with the terms of Section 9.6(a) above.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1. Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.2. Merger, Consolidation, etc.

The Company will not, nor will it permit any Subsidiary Guarantor to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets or a controlling equity interest in a Subsidiary Guarantor in a single transaction or series of transactions to any Person (except that a Subsidiary Guarantor may (x) consolidate with or merge with, or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to, the Company or another Subsidiary of the Company so long as in each case, the survivor of such merger or consolidation or the transferee of such assets shall have assumed such Guaranty and (y) convey, transfer or lease all or substantially all of its assets (including any such transaction effected by means of a merger or consolidation of such Subsidiary Guarantor with or into another Person) in compliance with the provisions of Section 10.3), provided that the foregoing restriction does not apply to the consolidation or merger of the Company or a Subsidiary Guarantor with the Company or another Subsidiary Guarantor, or the conveyance, transfer or lease of all or substantially all of the assets of the Company or a Subsidiary Guarantor, or a controlling equity interest in a Subsidiary Guarantor, in a single transaction or series of transactions to any Person so long as:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company or such Subsidiary Guarantor, or a controlling equity interest in a Subsidiary Guarantor, as the case may be (the "**Successor Corporation**"), shall be a solvent entity organized and existing under the laws of the United States or any State thereof (including the District of Columbia);

(b) if the Company or a Subsidiary Guarantor is party to such transaction and is not the Successor Corporation, such Person shall (i) have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of such Obligor, as the case may be, under the applicable Financing Documents in form and substance satisfactory to the Required Holders and (ii) have caused to be delivered to each holder of any Notes an opinion reasonably satisfactory to the Required Holders of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their respective terms and comply with the terms hereof;

(c) to the extent the Company is a party and is not the surviving Person of such transaction, each Subsidiary Guarantor shall have executed and delivered to each holder of Notes its reaffirmation of its obligations under the Subsidiary Guaranty in form and substance satisfactory to the Required Holders; and

(d) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing, to be determined on a Pro Forma Basis with respect to compliance with Sections 10.5 and 10.6, and the Company shall have delivered to each holder of the Notes computations evidencing compliance with such Sections.

No such conveyance, transfer or lease of all or substantially all of the assets of any Obligor shall have the effect of releasing such Obligor or any Successor Corporation that shall theretofore have become such in the manner prescribed in this Section 10.2 from its liability under the applicable Financing Documents.

10.3. Sale of Assets.

Except as permitted under Section 10.2, the Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary *provided*, however, that the Company and its Subsidiaries shall be permitted to engage in Asset Dispositions that are in the best interest of the disposing Person, regardless of whether such Person receives Fair Market Value for the property subject thereto, so long as the aggregate Disposition Value of all property subject to any such Asset Disposition in any fiscal year is not in excess of the amount equal to 2% of Consolidated Total Assets (determined as of the end of the then most recently ended fiscal year of the Company);

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the then current fiscal year of the Company would not exceed the amount equal to 15% of Consolidated Total Assets (determined as of the end of the then most recently ended fiscal year of the Company); *provided, however* that the Company shall at all times be in compliance with the provision of Section 10.12.

If an amount equal to the Net Proceeds arising from any Asset Disposition is applied by the Company or the applicable Subsidiary to a Debt Prepayment Application or a Property Reinvestment Application within 365 days after the date of such Asset Disposition, then such Asset Disposition, only for the purpose of determining compliance with subsection (c) of this Section 10.3 as of any date, shall be deemed not to be an Asset Disposition as of the date of such application.

10.4. Limitation on Liens.

The Company will not, and will not permit any Subsidiary to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any property or assets (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any Subsidiary whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits except for the following:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) Liens incidental to the normal conduct of the business of the Company or any Subsidiary or the ownership of its property which are not incurred in connection with the incurrence of Indebtedness and rights of set-off incurred in the ordinary course of business and which do not, in the aggregate, materially impair the use of such property in the operation of the business of the Company and its Subsidiaries taken as a whole or the value of such property for the purposes of such business (including without limitation, contingent liens arising in favor of insurance carriers under agency agreements with the Company or any Subsidiary;

(c) minor survey exceptions or minor encumbrances which are necessary for the conduct of the activities of the Company and its Subsidiaries or which customarily exist on properties of corporations engaged in similar activities, which do not materially impair their use in operations of the business of the Company and its Subsidiaries;

(d) Liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(e) Liens on property or assets of the Company or any of its Subsidiaries securing Indebtedness owing to the Company or to a Wholly-Owned Subsidiary;

(f) Liens in existence on the First Closing Date and securing the Indebtedness of the Company and its Subsidiaries as set forth in Schedule 5.14;

(g) Liens securing any obligations of a Person existing at the time such Person becomes a Subsidiary or is merged into or consolidated with the Company or a Subsidiary or Liens on an asset existing at the time such asset shall have first been acquired by the Company or any Subsidiary, *provided* that (i) such Liens shall not extend to or cover any property other than the property subject to such Liens immediately prior to such time, (ii) such Liens shall not have been created in contemplation of such merger, consolidation or acquisition or such Person becoming a Subsidiary, (iii) the amount of the commitment in respect of the obligations secured by such Liens is not increased after such time and (iv) the principal amount of the obligations secured by any such Lien shall not exceed the Fair Market Value (as determined in good faith by a Responsible Officer of the Company) of such property and any improvements thereon at the time such Person becomes a Subsidiary or is merged into or consolidated with the Company or a Subsidiary or such asset is acquired;

(h) any Lien created on tangible real or personal property (or any improvement thereon) to secure all or any part of the purchase price or cost of construction, improvement or development of such tangible real or personal property (or any improvement thereon), or to secure Indebtedness incurred or assumed to pay all or any part of the purchase price or the cost of construction of tangible real or personal property (or any improvement thereon) acquired or constructed by the Company or any Subsidiary after the First Closing Date, *provided* that

(i) the principal amount of the Indebtedness secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (B) the Fair Market Value (as determined in good faith by a Responsible Officer of such Person) of such property and any improvements thereon at the time of such acquisition or construction;

(ii) each such Lien shall extend solely to the item or items of property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon); and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property (or improvement thereon);

(i) any Lien renewing, extending or refunding Liens permitted by paragraphs (g) and (h) of this Section 10.4, *provided* that (i) the amount of the commitment in respect of the Indebtedness secured by such Lien immediately prior to such renewal, extension or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal, or refunding, no Default or Event of Default would exist; and

(j) Liens not otherwise permitted by subsections (a) through (i) above, *provided* that after giving effect to any such Liens Priority Debt will not at any time exceed 20% of Consolidated Net Worth (determined as of the last day of the then most recently ended fiscal quarter of the Company).

10.5. Leverage Ratio.

The Company will not, at any time, permit the ratio of Consolidated Net Indebtedness as of the last day of any fiscal quarter of the Company to Consolidated EBITDA, for the period of four consecutive fiscal quarters of the Company then ended, to be greater than 2.75 to 1.00.

10.6. Fixed Charge Coverage Ratio.

The Company will not permit the Fixed Charge Coverage Ratio to be less than 1.50 to 1.0 at the end of any fiscal quarter.

10.7. Subsidiary Debt.

The Company will not at any time permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness other than:

(a) Indebtedness of a Subsidiary outstanding on the First Closing Date and disclosed in Schedule 5.14 and any extension, renewal or refunding thereof, *provided* that the amount of the commitment in respect of such Indebtedness in effect immediately before giving effect to such extension, renewal or refunding is not increased, the maturity thereof is not reduced and no Default or Event of Default exists at the time of such extension, renewal or refunding;

(b) Indebtedness of a Subsidiary owed to the Company or a Wholly-Owned Subsidiary;

(c) Indebtedness of a Subsidiary outstanding at the time such Subsidiary becomes a Subsidiary, *provided* that (*i*) such Indebtedness shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary, (*ii*) immediately after such Person becomes a Subsidiary no Default or Event of Default shall exist, and (iii) such Indebtedness shall cease to be permitted under this clause (c) to the extent that such Indebtedness remains Indebtedness of a Subsidiary on the 365th day after such Person became a Subsidiary, and such Indebtedness may be extended, renewed or refunded if immediately after such extension, renewal or refunding no Default or Event of Default would exist but shall cease to be permitted under this clause (c) on the 365th day after such Person becomes a Subsidiary; and

(d) Indebtedness of a Subsidiary in addition to that otherwise permitted by the foregoing provisions of this Section 10.7, *provided* that on the date the Subsidiary incurs or otherwise becomes liable with respect to any such additional Indebtedness and immediately after giving effect thereto and the concurrent retirement of any other Indebtedness, no Default or Event of Default exists.

10.8. Restrictions on Dividends of Subsidiaries, etc.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any agreement or other arrangements that would prohibit, restrict or impose any condition upon such Subsidiary's ability or right to pay dividends or other distributions to, or make advances to or Investments in, the Company, or, if such Subsidiary is not directly owned by the Company, the "parent" Subsidiary of such Subsidiary; provided that (x) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement and (y) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted under the terms of this Agreement.

10.9. Limitation on Priority Debt.

The Company will not permit Priority Debt, determined at any time, to exceed 20% of Consolidated Net Worth, determined as of the last day of the then most recently ended fiscal quarter of the Company.

10.10. No Limitation on Prepayments or Amendments to Certain Financing Documents.

The Company will not, nor will it permit any Subsidiary to, be a party to any agreement or instrument limiting its rights (a) to make payments or prepayments on the Notes, whether optional or mandatory, under this Agreement, or (b) to amend or waive any term or provision of this Agreement, the Notes or any Subsidiary Guaranty.

10.11. Line of Business.

The Company will not, and will not permit any of its Subsidiaries to, engage to any substantial extent in any business other than the businesses in which the Company and its Subsidiaries are engaged on the First Closing Date and business reasonably related thereto, in furtherance thereof or ancillary thereto.

10.12. Securitization Transactions.

Notwithstanding anything in Section 10.3 to the contrary, the Company will not, nor will it permit any Subsidiary to, make any disposition of assets with the intent, or which has the effect, of causing the Company or such Subsidiary to enter into any Securitization Transaction.

11. EVENTS OF DEFAULT.

An **"Event of Default"** shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Section 10; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those terms referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of any Obligor or by any officer of such Obligor in any Financing Document or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any Material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least $25,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least $25,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $25,000,000, or (y) one or more Persons have required that the Company or any Subsidiary purchase or repay such Indebtedness; or

(g) the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or any other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $25,000,000 are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) any Subsidiary Guarantor, if any, fails or neglects in any material respect to observe, perform or comply with any term, provision or covenant contained in the Subsidiary Guaranty; or

(k) the Subsidiary Guaranty, if any, is not or ceases to be effective against any Subsidiary Guarantor or is alleged by any Obligor to be ineffective against any Subsidiary Guarantor for any reason unless, in each case, the Company is in compliance with Section 9.6 without such Subsidiary being a Subsidiary Guarantor; or

(l) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $25,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect.

As used in Section 11(l), the terms **"employee benefit plan"** and **"employee welfare benefit plan"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in Section 11(g) or 11(h) (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable and the Facility shall be terminated.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable and the Facility shall be terminated.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable and the Facility shall be terminated.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the applicable Make-Whole Amount or Breakage Cost Obligation, if any, determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount or Breakage Cost Obligation by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount or Breakage Cost Obligation, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and applicable Make-Whole Amount or Breakage Cost Obligation, if any, and (to the extent permitted by applicable law) any overdue interest in respect of any Series of the Notes, at the Default Rate for such Series, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. Transfer and Exchange of Notes.

The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to reflect any principal amount not evenly divisible by $1,000,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18) for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of an identical Series and of a like aggregate principal amount, registered in the name of such transferee or transferees, subject to the terms of this Agreement. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations (subject in each case to the first sentence of this Section 13.2) of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Notes for such Series set forth in the applicable Exhibit. Each installment of principal payable on each installment date upon each new Note issued upon any such transfer or exchange shall be in the same proportion to the unpaid principal amount of such new Note as the installment of principal payable on such date on the Note surrendered for registration of transfer or exchange bore to the unpaid principal amount of such Note. No reference need be made in any such new Note to any installment or installments of principal previously due and paid upon the Note surrendered for registration of transfer or exchange. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee of a Note, or purchaser of a participation therein, shall, by its acceptance of such Note be deemed to make the same representations to the Company regarding the Note or participation as the Purchasers have made pursuant to Section 6.2, *provided* that such entity may (in reliance upon information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by such entity of any Note will not constitute a non-exempt prohibited transaction under Section 406(a) of ERISA.

13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $100,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same Series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. Place of Payment.

Subject to Section 14.2, payments of principal, applicable Make-Whole Amount or Breakage Cost Obligation, if any, and interest becoming due and payable on the Notes shall be made in Daytona Beach, Florida at the principal office of the Company in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. Home Office Payment.

So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, applicable Make-Whole Amount or Breakage Cost Obligation, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by any Purchaser or its nominee such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by such Purchaser under this Agreement and that has made the same agreement relating to such Note as such Purchaser has made in this Section 14.2.

15. EXPENSES, ETC.

15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by each Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Notes or any Subsidiary Guaranty (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Notes or any Subsidiary Guaranty or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Notes or any Subsidiary Guaranty, or by reason of being a holder of any Note, and (b) the costs and expenses, including reasonable financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by any Purchaser).

15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any holder unless consented to by such holder in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of Make-Whole Amount, Optional Floating Rate Prepayment Amount or Breakage Cost Obligation, as applicable, in respect of any Series of the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support is concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3. Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term **"this Agreement"** and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. Notes held by Company, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or its nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or its nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Cory T. Walker, with a copy to the attention of Laurel Grammig, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at each Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to the holders of Notes, may be reproduced by the holders of the Notes by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and the holders of Notes may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such holder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "**Confidential Information**" means information delivered to Prudential or any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by Prudential or such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to Prudential or such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by Prudential or such Purchaser or any Person acting on Prudential's or such Purchaser's behalf, (c) otherwise becomes known to Prudential or such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Prudential and each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Person in good faith to protect confidential information of third parties delivered to such Purchaser, provided that Prudential and such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over Prudential or such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to Prudential or such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which Prudential or such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent Prudential or such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that such Purchaser has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "Purchaser" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to such Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "Purchaser" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to such Purchaser, and such Purchaser shall have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting any requirement in Sections 8.2, 8.3 or 8.4 that the notice of any prepayment specify a Business Day as the date fixed for such prepayment), (a) any payment of principal of or applicable Make-Whole Amount or interest on any Fixed Rate Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Fixed Rate Note is a date other than a Business Day the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day and (b) any payment of principal of or applicable Optional Floating Rate Prepayment Amount or Breakage Cost Obligation or interest on any Floating Rate Shelf Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day (or immediately preceding Business Day, with respect to any Note subject to a LIBOR Rate in certain instances described in Section 8.9), and shall include the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.3. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.4. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.5. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.6. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of Page Intentionally Left Blank; Next Page is Signature Page]

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement among Prudential, the Purchasers and the Company.

Very truly yours,

BROWN & BROWN, INC.

By: ________________________________

Name:
Title:

The foregoing is hereby
agreed to as of the
date thereof.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: ________________________________

Name:
Title: Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc.,
as investment manager

By: ________________________________

Name:
Title: Vice President

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: ________________________________

Name:
Title: Vice President

[Signature Page to Note Purchase Agreement]

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Name in which to register Notes	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Note registration number; principal amount	R-1; $11,300,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	JPMorgan Chase Bank New York, NY ABA No.: 021-000-021 Account Name: Prudential Managed Portfolio Account No.: P86188 Each such wire transfer shall set forth the name of the Company, a reference to "5.66% Senior Notes due 2016, PPN 115236 A# 8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.
Accompanying information	Name of Issuer: BROWN & BROWN, INC. Description of Security: 5.66% Series C Senior Notes due December 22, 2016 PPN: 115236 A# 8 Due date and application (as among principal, premium and interest) of the payment being made.
Address / Fax # for notices related to payments	The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Manager, Billings and Collections <u>with telephonic prepayment notices to</u>: Manager, Trade Management Group Tel: 973-367-3141 Fax: 888-889-3832
Address / Fax # for all other notices	The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Managing Director

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Instructions re Delivery of Notes	Prudential Capital Group 1170 Peachtree Street, Suite 500 Atlanta, GA 30309 Attention: Michael R. Fierro, Esq. Telephone: (404) 870-3753
Signature Block	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA By:_________________________________ Name: Title: Vice President
Tax identification number	22-1211670

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Name in which to register Notes	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Note registration number; principal amount	R-2; $12,500,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	JPMorgan Chase Bank New York, NY ABA No.: 021-000-021 Account Name: Prudential Managed Portfolio Account No.: P86189 Each such wire transfer shall set forth the name of the Company, a reference to "5.66% Senior Notes due 2016, PPN 115236 A# 8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.
Accompanying information	Name of Issuer: BROWN & BROWN, INC. Description of Security: 5.66% Series C Senior Notes due December 22, 2016 PPN: 115236 A# 8 Due date and application (as among principal, premium and interest) of the payment being made.
Address / Fax # for notices related to payments	The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Manager, Billings and Collections with telephonic prepayment notices to: Manager, Trade Management Group Tel: 973-367-3141 Fax: 888-889-3832
Address / Fax # for all other notices	The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Managing Director
Instructions re Delivery of Notes	Prudential Capital Group 1170 Peachtree Street, Suite 500 Atlanta, GA 30309 Attention: Michael R. Fierro, Esq. Telephone: (404) 870-3753

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Signature Block	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA By:___________________________________ Name: Title: Vice President
Tax identification number	22-1211670

Purchaser Name	**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**
Name in which to register Notes	PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY
Note registration number; principal amount	R-3; $1,200,000
Payment on account of Note Method Account information	 Federal Funds Wire Transfer JPMorgan Chase Bank New York, NY ABA No.: 021-000-021 Account Name: PRIAC Account No.: P86329 Each such wire transfer shall set forth the name of the Company, a reference to "5.66% Senior Notes due 2016, PPN 115236 A# 8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.
Accompanying information	Name of Issuer: BROWN & BROWN, INC. Description of Security: 5.66% Series C Senior Notes due December 22, 2016 PPN: 115236 A# 8 Due date and application (as among principal, premium and interest) of the payment being made.
Address / Fax # for notices related to payments	Prudential Retirement Insurance and Annuity Company c/o Prudential Investment Management, Inc. Private Placement Trade Management PRIAC Administration Gateway Center Four, 7th Floor 100 Mulberry Street Newark, NJ 07102 Telephone: (973) 802-8107 Facsimile: (888) 889-3832
Address / Fax # for all other notices	Prudential Retirement Insurance and Annuity Company c/o Prudential Capital Group 1170 Peachtree Street, Suite 500 Atlanta, GA 30309 Attn: Managing Director
Instructions re Delivery of Notes	Prudential Capital Group 1170 Peachtree Street, Suite 500 Atlanta, GA 30309 Attention: Michael R. Fierro, Esq. Telephone: (404) 870-3753

Purchaser Name	**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**
Signature Block	PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY By: Prudential Investment Management, Inc., as investment manager By:______________________________ Name: Title: Vice President
Tax identification number	06-1050034

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"**Acceptance**" is defined in Section 2.2(f).

"**Acceptance Day**" is defined in Section 2.2(f).

"**Acceptance Window**" is defined in Section 2.2.(f).

"**Accepted Note**" is defined in Section 2.2(f).

"**Affiliate**" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, **"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 the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"**Agreement**" is defined in Section 17.3.

"**Applicable Margin**" means, as to any Floating Rate Shelf Note, the percentage set forth opposite "Applicable Margin" in the Confirmation of Acceptance relating to such Series.

"**Asset Disposition**" means any Transfer except:

(a) any

(i) Transfer from a Subsidiary to the Company or a Wholly-Owned Subsidiary;

(ii) Transfer from the Company to a Wholly-Owned Subsidiary; and

(iii) Transfer from the Company or a Wholly-Owned Subsidiary to a Subsidiary (other than a Wholly-Owned Subsidiary) or from a Subsidiary to another Subsidiary, which in either case is for Fair Market Value;

so long as immediately before and immediately after the consummation of any such Transfer and after giving effect thereto, no Default or Event of Default exists; and

(b) any Transfer made in the ordinary course of business and involving only property that is either (i) inventory held for sale or (ii) equipment, fixtures, supplies or materials that are obsolete.

"**Available Facility Amount**" is defined in Section 2.2(a).

“**Average Life**” means, with respect to any issuance of Shelf Notes, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) the principal amount of such Shelf Note into (ii) the sum of the products obtained by multiplying (a) the principal amount of each proposed mandatory repayment of the principal thereof by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the applicable Closing Day with respect to such Shelf Note and the date of such mandatory prepayment.

“**Bank Credit Agreement**” means, collectively, that certain Revolving Loan Agreement, dated as of September 29, 2003, between the Company and SunTrust Bank and that certain Amended and Restated Revolving and Term Loan Agreement, dated as of January 3, 2001, between the Company and SunTrust Bank, each as amended, refinanced or replaced from time to time.-

“Book of Business Sales” means the sale by the Company or any Subsidiary 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 practices, and where the value is less than $10,000,000.

“**Breakage Cost Obligation**” is defined in Section 8.9(b).

“**Brown Family**” means, collectively, (a) J. Hyatt Brown and Celia Brown and their children and grandchildren and (b) Persons controlled by or for the benefit of such individuals.

“**Business Day**” means any day other than (i) a Saturday or a Sunday, (ii) a day on which commercial banks in New York City are required or authorized to be closed, (iii) for purposes of Section 2.2 hereof only, a day on which Prudential is not open for business and (iv) in respect of any determination of the LIBOR Rate or any payment in respect of a Floating Rate Shelf Note that bears interest based on the LIBOR Rate, any day on which commercial banks and foreign exchange markets are not open in respect of U.S. Dollar deposits in London.

“**Cancellation Date**” is defined in Section 2.2(i)(iii).

“**Cancellation Fee**” is defined in Section 2.2(i)(iii).

“**Capital Lease**” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“**Capital Stock**” means any class of capital stock, share capital, limited liability company membership interest or units, general or limited partnership interest or any other similar equity interest of a Person.

“**Change in Control**” is defined in Section 8.3(f).

“**Change in Control Prepayment Date**” is defined in Section 8.3(b).

“**Closing**” is defined in Section 3.2.

"**Closing Day**" means, with respect to the Series C Notes, the First Closing Date and, with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Request for Purchase of such Accepted Note in accordance with Section 2.2(d), *provided that* (a) if the Company and the Purchasers which are obligated to purchase such Accepted Note agree on an earlier Business Day for such closing, the "**Closing Day**" for such Accepted Note shall be such earlier Business Day, and (b) if the closing of the purchase and sale of such Accepted Note is rescheduled pursuant to Section 2.2(h), the Closing Day for such Accepted Note, for all purposes of this Agreement except references to "original Closing Day" in Section 2.2(i)(ii), shall mean the Rescheduled Closing Day with respect to such Accepted Note.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"**Company**" is defined in the introductory paragraph of this Agreement.

"**Confidential Information**" is defined in Section 20.

"**Confirmation of Acceptance**" is defined in Section 2.2(f).

"**Consolidated EBITDA**" means, for any period, the result of (a) Consolidated Net Income for such period plus, to the extent deducted in determining Consolidated Net Income for such period, the aggregate amount of (i) Consolidated Interest Expense for such period, (ii) income tax expense for such period, (iii) depreciation and amortization for such period and (iv) non-cash charges, including all non-cash compensation, minus (b) 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 Interest Expense**" means, for any period, the sum, for the Company and its Subsidiaries (determined in accordance with GAAP), of all interest expense in respect of Indebtedness (including, without limitation, the interest component of any payments in respect of Capital Lease obligations) accrued or capitalized during such period; provided, however, that in calculating Consolidated Interest Expense effect shall be given to any interest rate protection agreements, whether or not such agreements constitute debits or credits in accordance with GAAP.

"**Consolidated Net Income**" means, for any period, the net income (or loss) of the Company and its Subsidiaries, determined on a consolidated basis for such period and as determined in accordance with GAAP, adjusted to exclude the effect of any extraordinary gain or loss.

"**Consolidated Net Indebtedness**" means, as of any date of determination, the total of all Indebtedness of the Company and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, less the aggregate amount of Permitted Investments in excess of $25,000,000.

“**Consolidated Net Worth**” means, as of any date, total stockholders’ equity of the Company and its Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Rental Expense**” means, for any period, the sum of all rentals paid or payable under operating lease obligations of the Company and its Subsidiaries (including, without limitation, all payments which the lessee is obligated to make to the lessor as the result of the termination of a lease obligation or any surrender of the property subject to such lease obligation, but excluding therefrom any amounts required to be paid by the Company or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges), all determined on a consolidated basis for such period.

“**Consolidated Total Assets**” means, as of any date, the total assets of the Company and its Subsidiaries which would be shown as assets on a consolidated balance sheet of the Company and its Subsidiaries as of such date prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

“**Debt Prepayment Application**” means, with respect to any Asset Disposition of any property, the application by the Company or any Subsidiary, as the case may be, of cash in an amount equal to the Net Proceeds with respect to such Asset Disposition to pay Senior Debt (other than (a) Senior Debt owing to the Company or any of its Subsidiaries or any Affiliate and (b) Senior Debt in respect of any revolving credit or similar facility providing any Obligor or any such Subsidiary with the right to obtain loans or other extensions of credit from time to time, unless in connection with such payment of Senior Debt the availability of credit under such credit facility is permanently reduced by an amount not less than the amount of such proceeds applied to the payment of such Senior Debt), *provided* that in the course of making such application the Company shall offer to prepay each outstanding Note, in accordance with Section 8.4, in a principal amount equal to the Ratable Portion of the holder of such Note in respect of such Asset Disposition. If any holder of a Note fails to accept such offer of prepayment, then, for purposes of the preceding sentence only, the Company nevertheless will be deemed to have paid Senior Debt in an amount equal to the Ratable Portion of the holder of such Note in respect of such Asset Disposition.

“**Debt Prepayment Transfer**” is defined in Section 8.4(a).

“**Default**” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“**Default Rate**” means that rate of interest in respect of a Series of Notes that is the greater of (a) 2% per annum above the rate of interest then in effect in respect of the Notes of such Series or (b) 2% over the Prime Rate.

“**Delayed Delivery Fee**” is defined in Section 2.2(i)(ii).

"**Disposition Value**" means, at any time, with respect to any property

(c) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such disposition in good faith by the Company, and

(d) in the case of property that constitutes Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Subsidiary that issued such stock as is equal to the percentage that the book value of such Subsidiary Stock represents of the book value of all of the outstanding Capital Stock of such Subsidiary (assuming, in making such calculations, that all Securities convertible into such Capital Stock are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion) determined at the time of the disposition thereof in good faith by the Company.

"**Environmental Laws**" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"**Event of Default**" is defined in Section 11.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Facility**" is defined in Section 2.2(a).

"**Fair Market Value**" means, at any date of determination and with respect to any property, the sale value of such property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell) as determined by a Responsible Officer of the Company acting in good faith.

"**Financing Documents**" means this Agreement, the Notes and any Subsidiary Guaranty, as each may be amended, restated or otherwise modified from time to time, and all other documents to be executed and/or delivered in favor of any holders of Notes, or all of them, by the Company, any of its Subsidiaries, or any other Person in connection with this Agreement.

"**First Closing**" is defined in Section 3.1.

"**First Closing Date**" means December 22, 2006.

"**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.

"**Fixed Rate Notes**" means the Series C Note and the Fixed Rate Shelf Notes.

"**Fixed Rate Shelf Note**" is defined in Section 1(b).

"**Floating Rate Available Facility Amount**" is defined in Section 2.2(a).

"**Floating Rate Shelf Note**" is defined in Section 1(c).

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America.

"**Governmental Authority**" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"**Guaranty**" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or

(d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"**Hedge Treasury Note(s)**" means, with respect to any Accepted Note, the United States Treasury Note or Notes whose duration (as determined by Prudential) most closely matches the duration of such Accepted Note.

"**holder**" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"**Hostile Tender Offer**" means, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases of such shares, equity interests, securities or rights representing less than 5% of the equity interests or beneficial ownership of such corporation or other entity for portfolio investment purposes, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

"**Indebtedness**" means, with respect to any Person, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property but excluding (i) accounts payable arising in the ordinary course of business and (ii) payment obligations in respect of acquisitions of any Person (whether by acquisition of a majority of the Voting Stock of such Person or all or substantially all of its assets) to the extent that the amount thereof is dependent on the future financial performance of such Person (or assets) until such time as any such obligation would be required to be shown on a balance sheet of such Person prepared at such time in accordance with GAAP (at which time such obligation shall constitute "Indebtedness"));

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof excluding letters of credit except for standby letters of credit constituting credit support for any Indebtedness described in clauses (a) through (d) above.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"**Initial Subsidiary Guarantors**" is defined in Section 9.6(a).

"**INHAM Exemption**" is defined in Section 6.2(e).

"**Institutional Investor**" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"**Interest Period**" means:

(a) as to any Floating Rate Shelf Note that bears a LIBOR Rate of interest, the one (1), two (2), three (3) or six (6) month period (as the Company may elect or be deemed to elect as provided herein) commencing on the date of the issuance of such Floating Rate Shelf Note (or on the last day of the immediately preceding Interest Period applicable thereto), and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the first (1st), second (2nd), third (3rd) or sixth (6th) succeeding calendar month, as the case may be; and

(b) as to any Floating Rate Shelf Note that bears a Prime Rate of interest, the three (3) month period commencing on the date of the issuance of such Floating Rate Shelf Note (or, in connection with a conversion of such Note from Prime Rate to the LIBOR Rate, such shorter period designated by the Company in a written notice delivered to the holder of such Floating Rate Shelf Note, which written notice shall be delivered at least five Business Days prior to such conversion), and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) of the third succeeding calendar month; provided, however, that any changes in the rate of interest resulting from changes in the Prime Rate shall take place immediately regardless of whether such change shall occur during such Interest Period;

provided further, that the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the first (1st), second (2nd), third (3rd) or sixth (6th) succeeding calendar month, as the case may be; and

(iii) no Interest Period shall extend beyond the scheduled maturity date of such Floating Rate Shelf Note.

Interest shall accrue from and including the first day of an Interest Period to but excluding the earlier of (x) the last day of such Interest Period and (y) the day on which the applicable Floating Rate Shelf Note is repaid or prepaid

"**Issuance Fee**" is defined in Section 2.2(i)(i).

"**Issuance Period**" is defined in Section 2.2(b).

"**LIBOR**" means, in respect of any Interest Period, (i) the interest rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) for deposits in U.S. Dollars, for a period of time comparable to such Interest Period, as reported by the British Bankers' Association as of 11:00 A.M. London time on the day that is two Business Days prior to the first day of such Interest Period; or (ii) if such rate ceases to be reported in accordance with the above clause (i) or is unavailable, the rate per annum quoted by JP Morgan Chase Bank at approximately 11:00 A.M. London time on the first day of such Interest Period for loans in U.S. Dollars to major banks in the London interbank Eurodollar market for a period equal to such Interest Period, commencing on the first day of such Interest Period, and in an amount comparable to the aggregate outstanding principal amount of the applicable Floating Rate Shelf Note with respect to which LIBOR is being calculated thereunder.

"**LIBOR Rate**" means for each Interest Period with respect to any Floating Rate Shelf Note, a per annum rate of interest equal to LIBOR plus the Applicable Margin.

"**Lien**" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"**Make-Whole Amount**" is defined in Section 8.8.

"**Material**" means material in relation to the business, operations, affairs, financial condition, assets, or properties of the Company and its Subsidiaries taken as a whole.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement or the Notes or (c) the validity or enforceability of this Agreement, the Notes or any Subsidiary Guaranty.

“**Multiemployer Plan**” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“**NAIC**” means the National Association of Insurance Commissioners or any successor thereto.

“**NAIC Annual Statement**” is defined in Section 6.2(a).

“**Net Proceeds**” means, with respect to any Transfer of any property by any Person, an amount equal to the difference of

(f) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) received by such Person in respect of such Transfer, *minus*

(g) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

“**Notes**” is defined in Section 1.

“**Obligors**” means, collectively, the Company and the Subsidiary Guarantors, if any.

“**Officer’s Certificate**” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“**Optional Floating Rate Prepayment Amount**” is defined in Section 8.2(c).

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

“Permitted Investments” means the aggregate amount of the following: (to the extent not subject to set-off rights, otherwise subject to Liens, or securing liabilities that do not constitute Indebtedness):

(a) cash balances maintained by the Company or any Subsidiary with Prime Banks;

(b) the principal amount of all negotiable certificates of deposit, commercial paper or promissory notes held by the Company or any Subsidiary having a maturity not exceeding one year issued by (i) any United States or any state or governmental agency that is rated at least “A” by Moody’s or “A” by Standard and Poor’s or (ii) any other entity the short-term debt obligations of which are rated at least “A” by Moody’s or “A” by Standard and Poor’s or (iii) any Prime Bank; and

(c) investments in investment funds, investment companies or similar entities sponsored or managed by Prime Banks or other financial institutions which meet the requirements set forth in clause (b) above and 80% or more of the portfolio of which constitutes cash or other securities of the type specified in clause (b) above.

For the avoidance of doubt "Permitted Investments" shall not include any "Restricted Cash" as identified on the Company's consolidated balance sheet.

"**Person**" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"**Plan**" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"**Preferred Stock**" means any class of Capital Stock of a Person that is preferred over any other class of Capital Stock of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Prime Bank" means a bank or trust company whose long-term unsecured debt is rated "A2" or better by Moody's Investors Service, Inc. or "A" or better by Standard & Poor's, Inc. ratings services.

"**Prime Rate**" means for any day and for each Floating Rate Shelf Note that bears interest at the "Prime Rate" (including as a result of the circumstances or events described in clauses (c), (d) and (e) of Section 8.9), the per annum (based on a year of 365 or 366 days, as the case may be, and actual days elapsed) floating rate established by JPMorgan Chase Bank, N.A., as its "prime rate" for domestic (United States) commercial loans in effect on such day plus the Applicable Margin. JPMorgan Chase Bank, N.A.'s, prime rate is a rate set by JPMorgan Chase Bank, N.A., based upon various factors, including JPMorgan Chase Bank, N.A.'s, costs and desired return, general economic conditions and other factors, and is neither directly tied to an external rate of interest or index nor necessarily the lowest or best rate of interest actually charged at any given time to any customer or particular class of customers for any particular credit extension. Without notice to the Company or any other Person, JPMorgan Chase Bank, N.A.'s, "prime rate" shall change automatically from time to time, based upon publicly announced changes in such rate, with each such change to become effective as of the beginning of business on the day on which any such change is publicly announced.

"**Priority Debt**" means, as of any date, (without duplication) the sum of (a) all outstanding Indebtedness of any Subsidiary (other than Indebtedness permitted under clauses (a) through (c) of Section 10.7) and (b) all Indebtedness of the Company secured by any Lien pursuant to clause (j) of Section 10.4).

"**Pro Forma Basis**" means, in connection with a merger or consolidation or any conveyance of assets and any determination of "Consolidated EBITDA", "Consolidated Net Indebtedness", "Consolidated Interest Expense" and "Consolidated Rental Expense" for any period of four consecutive fiscal quarters of the Company or a Successor Corporation (and compliance with any covenant using any of such terms), that such determination shall be made on the assumptions that any merger, acquisition, consolidation or conveyance shall be deemed to have occurred on the first day of the fourth full fiscal quarter preceding the date of determination and all Indebtedness incurred or paid (or to be incurred or paid) by all such Persons in connection with all such transactions (x) if paid, was paid on the first day of such four fiscal quarter period, as the case may be, and (y) if incurred, was outstanding in full at all times during such period and had in effect at all times during such period (or any portion of such period during which such Indebtedness was not actually outstanding) an interest rate equal to the interest rate in effect on the date of the actual incurrence thereof (regardless of whether such interest rate is a floating rate or would otherwise change over time by reference to a formula or for any other reason).

"**property**" or "**properties**" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"**Property Reinvestment Application**" means, with respect to any Transfer of property, the application of an amount equal to the Net Proceeds with respect to such Transfer to the acquisition by such Person of operating assets of such Person (excluding, for the avoidance of doubt, cash and cash equivalents), and of at least equivalent Fair Market Value, to the property so Transferred, to be used in the principal business of such Person as conducted immediately prior to such Transfer or in a business generally related to such principal business.

"**Prudential**" is defined in the introduction hereto.

"**Prudential Affiliates**" means (i) any corporation or other entity controlling, controlled by, or under common control with, Prudential and (ii) any managed account or investment fund which is managed by Prudential or a Prudential Affiliate described in clause (i) of this definition. For purposes of this definition, the terms "control", "controlling in" and "controlled" shall mean the ownership, directly or through subsidiaries, of a majority of a corporation's or other entity's Voting Stock or equivalent voting securities or interests.

"**PTE**" is defined in Section 6.2(a).

"Purchasers" is defined in the introduction hereto.

"**QPAM Exemption**" is defined in Section 6.2(d).

"**Ratable Portion**" means, in respect of any holder of any Note and any Transfer contemplated by the definition of Debt Prepayment Application, an amount equal to the product of

(a) the Net Proceeds being offered to be applied to the payment of Senior Debt, multiplied by

(b) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate outstanding principal amount of all Senior Debt at the time of such Transfer determined on a consolidated basis in accordance with GAAP.

"**Request for Purchase**" is defined in Section 2.2(d).

"**Required Holders**" means, at any time, the holders of at least a majority in principal amount of the Notes (without regard to Series) at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"**Rescheduled Closing Day**" is defined in Section 2.2(h).

"**Responsible Officer**" means any Senior Financial Officer or any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time.

"**Securitization Transaction**" means an Asset Disposition or a series of Assets Dispositions in which a Person Transfers Receivable Assets to another Person and either such Person or a subsequent transferee of such Receivable Assets or interests therein issues securities or other evidences of indebtedness, or obtains loans, backed directly or indirectly in whole or in part by such Receivable Assets or interests therein. For the purposes of this definition, the term:

(a) "**Receivable**" means the Indebtedness and payment obligations (including, without limitation, obligations evidenced by an account, note, instrument, contract, security agreement, chattel paper, general intangible or other evidence of indebtedness or security) of an obligor arising from the sale of merchandise or services by any Person, including the right to payment of any interest, sales taxes, finance charges, returned check or late charges and other obligations of such obligor with respect thereto; and

(b) "**Receivable Assets**" means, collectively,

(i) Receivables originated or acquired by any Person from time to time and sold to another Person,

(ii) (A) all of such Person's interest in the goods (including returned goods), if any, relating to the sale which gave rise to each such Receivable,

(B) all other security interests or liens and property subject thereto from time to time purporting to secure payment of each such Receivable, whether pursuant to the contracts setting forth the payment obligations in respect of such Receivables or otherwise, together with all financing statements signed by an obligor describing any collateral securing any such Receivable, and

(C) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivables whether pursuant to the contracts setting forth the payment obligations in respect of such Receivables or otherwise;

including in the case of clauses (i)(B) and (i)(C), without limitation, any rights described therein evidenced by an account, note, instrument, contract, security agreement, chattel paper, general intangible or other evidence of indebtedness or security;

(iii) all collections and all amounts received in respect of the Receivables, together with all collections received in respect of the property described in clause (ii) above in the form of cash, checks, wire transfers or any other form of cash payment, and all proceeds of Receivables and collections thereof (including, without limitation, collections evidenced by an account, note, instrument, letter of credit, security, contract, security agreement, chattel paper, general intangible or other evidence of indebtedness or security), and whatever is received upon the sale, exchange, collection or other disposition of, or any indemnity, warranty or guaranty payable in respect of, the foregoing;

(iv) all rights (including rescission, replevin or reclamation) relating to any Receivable or arising therefrom; and

(v) all proceeds of or payments in respect of any and all of the foregoing clauses (i) through (iv) above;

together with any other assets of the selling Person which directly relate to the Receivables being sold to the buying Person and secure or enhance the collectibility or value thereof in the same or similar manner as the foregoing.

"**Senior Debt**" means the Notes and any other Indebtedness of the Company or its Subsidiaries that by its terms is not in any manner subordinated in right of payment to any other unsecured Indebtedness of the Company or any Subsidiary.

"**Senior Financial Officer**" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"**Series**" is defined in Section 1.

"**Series C Notes**" is defined in Section 1(a).

"**Shelf Note**" and "**Shelf Notes**" are defined in Section 1.

"**Significant Subsidiary**" means at any time any Subsidiary that would at such time constitute a "significant subsidiary" (as such term is defined in Regulation S-X of the Securities and Exchange Commission as in effect on the First Closing Date) of the Company; provided that Subsidiary Guarantors shall be deemed to be Significant Subsidiaries at all times.

"**Source**" is defined in Section 6.2.

"**Subsidiary**" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

“**Subsidiary Guarantor**” means, as of the date that the Company shall cause any Initial Subsidiary Guarantor to enter into the Subsidiary Guaranty in accordance with the provisions of Section 9.6(a), the Initial Subsidiary Guarantors, and at any time thereafter, the Initial Subsidiary Guarantors plus any other Subsidiary that has executed and delivered the Subsidiary Guaranty or the joinder agreement thereto and has not been released from its obligations thereunder in accordance with Section 9.6.

“**Subsidiary Guaranty**” is defined in Section 9.6(a).

“**Subsidiary Stock**” means, with respect to any Person, the Capital Stock (or any options or warrants to purchase stock, shares or other Securities exchangeable for or convertible into stock or shares) of any Subsidiary of such Person.

“**Successor Corporation**” is defined in Section 10.2(a).

“**SVO**” means the Securities Valuation Office of the NAIC.

“**Transfer**” means, with respect to any Person, any transaction in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including, without limitation, any transfer or issuance of any Subsidiary Stock (whether by means of a merger of the issuer of such Subsidiary Stock or otherwise). For purposes of determining the application of the Net Proceeds in respect of any Transfer, the Company may designate any Transfer as one or more separate Transfers each yielding separate Net Proceeds. In any such case, (a) the Disposition Value of any property subject to each such separate Transfer and (b) the amount of Net Proceeds attributable to any property subject to each such separate Transfer shall be determined by ratably allocating the aggregate Disposition Value of, and the aggregate Net Proceeds attributable to, all property subject to all such separate Transfers to each such separate Transfer on a proportionate basis.

“**Transfer Prepayment Date**” is defined in Section 8.4(a).

“**Transfer Prepayment Offer**” is defined in Section 8.4(a).

“**2004 Note Purchase Agreement**” means that certain Note Purchase Agreement, dated as of July 15, 2004, among the Company and the Purchasers identified on Schedule A thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**USA Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 of the United States of America.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or classes of a corporation, an association or another business entity the holders of which are ordinarily, in the absence of contingencies, entitled to vote in the election of corporate directors (or individuals performing similar functions) of such Person or which permit the holders thereof to control the management of such Person, including general partnership interests in a partnership and membership interests in a limited liability company.

"**Wholly-Owned Subsidiary**" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

SCHEDULE 3

Payment Instructions

See attached.

SCHEDULE 4.1(f)

Changes in Corporate Structure

NONE

SCHEDULE 5.4

Subsidiaries of the Company and Ownership of Subsidiary Stock

SCHEDULE 5.7

Certain Litigation

NONE

SCHEDULE 5.10

Patents

NONE

SCHEDULE 5.11

ERISA Affiliates and Plans

SCHEDULE 5.13

Use of Proceeds

SCHEDULE 5.14

Existing Indebtedness

EXHIBIT 1(a)

[FORM OF SERIES C NOTE]

BROWN & BROWN, INC.

5.66% SERIES C SENIOR NOTE DUE DECEMBER 22, 2016

[Date]
PPN: 115236 A# 8

No. [_____]
$[_______]

FOR VALUE RECEIVED, the undersigned, BROWN & BROWN, INC. (herein called the "**Company**"), a corporation organized and existing under the laws of the State of Florida, hereby promises to pay to **[___________________________]**, or registered assigns, the principal sum of **[___________________________] DOLLARS [($)]** on December 22, 2016, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 5.66% per annum from the date hereof, payable semiannually, on the 22nd day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at the Default Rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in Daytona Beach, Florida at the principal office of the Company in such jurisdiction or at such other place as the Company may designate in accordance with the terms of Section 14 of the Note Purchase Agreement, in lawful money of the United States of America..

This Note is one of the 5.66% Series C Senior Notes due December 22, 2016 (herein called the "**Notes**") issued pursuant to that certain Master Shelf and Note Purchase Agreement, dated as of December 22, 2006 (as from time to time amended, the "**Note Purchase Agreement**"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Note Purchase Agreement. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

Payment of the principal of, and Make-Whole Amount, if any, and interest on this Note may be guaranteed by the Subsidiary Guarantors in accordance with the terms of the Subsidiary Guaranty as may be executed and delivered pursuant to the terms of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

As provided in the Note Purchase Agreement, this Note is subject to mandatory or optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

THIS NOTE AND THE NOTE PURCHASE AGREEMENT ARE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

BROWN & BROWN, INC.

By: ______________________________

Name:
Title:

EXHIBIT 1(b)

[FORM OF FIXED RATE SHELF NOTE]

BROWN & BROWN INC.

SENIOR NOTE

No. R-[__]
Original Principal Amount:
Original Issue Date:
Interest Rate:
Interest Payment Dates:
Final Maturity Date:
Principal Installment Dates and Amounts:
PPN:

FOR VALUE RECEIVED, the undersigned, the undersigned, BROWN & BROWN, INC. (herein called the "**Company**"), a corporation organized and existing under the laws of the State of Florida, hereby promises to pay to **[____________________________],** or registered assigns, the principal sum of **[________________________] DOLLARS ($[_________])** [on the Final Maturity Date specified above] [, payable on the Principal Prepayment Dates and in the amounts specified above, and on the Final Maturity Date specified above in an amount equal to the unpaid balance of the principal hereof,] with interest (computed on the basis of a 360-day year, 30-day month) (a) subject to clause (b), on the unpaid balance thereof at the Interest Rate per annum specified above, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) following the occurrence and during the continuance of an Event of Default, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand) on the unpaid balance of the principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount, at the Default Rate.

Payments of principal of, interest on and any Make-Whole Amount payable with respect to this Note are to be made in Daytona Beach, Florida at the principal office of the Company in such jurisdiction or at such other place as the Company may designate in accordance with the terms of Section 14 of the Note Purchase Agreement, in lawful money of the United States of America.

This Note is one of the Fixed Rate Shelf Notes (herein called the "**Notes**") issued pursuant to a Master Shelf and Note Purchase Agreement, dated as of December 22, 2006 (the "**Note Purchase Agreement**"), between the Company and the other Persons named as parties thereto and is entitled to the benefits thereof. As provided in the Note Purchase Agreement, this Note is subject to mandatory or optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Note Purchase Agreement. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

Payment of the principal of, and Make-Whole Amount, if any, and interest on this Note may be guaranteed by the Subsidiary Guarantors in accordance with the terms of the Subsidiary Guaranty as may be executed and delivered pursuant to the terms of the Note Purchase Agreement.

This Note is a registered Note and, as provided in and subject to the terms of the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default, as defined in the Note Purchase Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

BROWN & BROWN, INC.

By: ______________________________

Name:
Title:

EXHIBIT 1(c)

[FORM OF FLOATING RATE SHELF NOTE]

BROWN & BROWN, INC.

SENIOR NOTE

No. R-[__]
Original Principal Amount:
Original Issue Date:
Interest Payment Dates: The last day of the Applicable Interest Period
Final Maturity Date:
Principal Installment Dates and Amounts:
PPN:

FOR VALUE RECEIVED, the undersigned, **BROWN & BROWN, INC.**, a Florida corporation (the **"Company"**), hereby promises to pay to **[____________________________],** or registered assigns, the principal sum of **[________________________] DOLLARS ($[_________])** [on the Final Maturity Date specified above] [, payable on the Principal Prepayment Dates and in the amounts specified above, and on the Final Maturity Date specified above in an amount equal to the unpaid balance of the principal hereof,] with interest (a) as set forth in the Confirmation of Acceptance (computed on the basis contained in Section 8.9 of the Note Purchase Agreement (as hereinafter defined) on the unpaid balance of the principal thereof, during each Interest Period, at a rate per annum equal to the rate provided in Section 8.9 of the Note Purchase Agreement (the "**Interest Rate**") in respect of such Interest Period, payable in the manner specified by, and in accordance with the terms of, the Note Purchase Agreement and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, and any overdue payment of any Optional Floating Rate Prepayment Amount or Breakage Cost Obligation (as defined in the Note Purchase Agreement referred to below), payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand), at the Default Rate.

Payments of principal of, interest on and any Optional Floating Rate Prepayment Amount or Breakage Cost Obligation payable with respect to this Note are to be made in Daytona Beach, Florida at the principal office of the Company in such jurisdiction or at such other place as the Company may designate in accordance with the terms of Section 14 of the Note Purchase Agreement, in lawful money of the United States of America.

This Note is one of the Floating Rate Shelf Notes (herein called the "**Notes**") issued pursuant to a Master Shelf and Note Purchase Agreement, dated as of December 22, 2006 (the "**Note Purchase Agreement**"), between the Company and the other Persons named as parties thereto and is entitled to the benefits thereof. As provided in the Note Purchase Agreement, this Note is subject to mandatory or optional prepayment, in whole or from time to time in part, on the terms specified in the Note Purchase Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Note Purchase Agreement. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

Payment of the principal of, and Optional Floating Rate Prepayment Amount or Breakage Cost Obligation, if any, and interest on this Note may be guaranteed by the Subsidiary Guarantors in accordance with the terms of the Subsidiary Guaranty as may be executed and delivered pursuant to the terms of the Note Purchase Agreement.

This Note is a registered Note and, as provided in and subject to the terms of the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default, as defined in the Note Purchase Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Breakage Cost Obligation) and with the effect provided in the Note Purchase Agreement.

THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

BROWN & BROWN, INC.

By: ____________________________

Name:
Title:

EXHIBIT 2.2(d)

FORM OF REQUEST FOR PURCHASE

BROWN & BROWN, INC.

Reference is made to the Master Shelf and Note Purchase Agreement (as amended from time to time, the "**Note Purchase Agreement**"), dated as of December 22, 2006, between Brown & Brown, Inc., a Florida corporation (the "**Company**"), Prudential Investment Management, Inc. and each of the other Persons named therein as parties thereto. All terms herein that are defined in the Agreement have the respective meanings specified in the Agreement. Pursuant to Section 2.2(d) of the Agreement, the Company hereby makes the following Request for Purchase:

1. Aggregate principal amount of Shelf Notes covered hereby (the "Shelf Notes") $____________________[1]

2. Individual specifications of the Shelf Notes:

Principal Amount	Final Maturity Date[2]	Principal Installment Dates and Amounts	Interest Payment Period	Floating or Fixed Rate of Interest	Modifications to Make-Whole Amount, if any
			Monthly	Floating - LIBOR plus Spread; 1, 2, 3 or 6 month Interest Periods at Obligors' Option or Prime Rate	

3. Use of proceeds of the Shelf Notes:

4. Proposed day for the closing of the purchase and sale of the Shelf Notes:

---

[1] Minimum Draw Amount $10,000,000

[2] No more than 10 years for Fixed Rate Notes and no more than 5 years for Floating Rate Shelf Notes.

5. The purchase price of the Shelf Notes is to be transferred to:

Name and Address of Bank	Number of Account	Name and Telephone No. of Bank Officer

6. The Company certifies (a) that the representations and warranties contained in Section 5 of the Note Purchase Agreement are true on and as of the date of this Request for Purchase, except as set forth on Annex 1 hereto, (b) that there exists on the date of this Request for Purchase no Event of Default or Default (both before and after giving effect to the issuance and purchase of the Notes contemplated hereby) and (c) the use of the proceeds of such Shelf Notes shall not be used to finance a Hostile Tender Offer.

7. The aggregate amount of the Issuance Fee due in respect of the Shelf Notes is: $_______________

Dated: _______________ _____, ________

BROWN & BROWN, INC.

By: ________________________________

Name:
Title:

EXHIBIT 2.2(f)

[FORM OF CONFIRMATION OF ACCEPTANCE]

BROWN & BROWN, INC.

Reference is made to the Master Shelf and Note Purchase Agreement (the "**Note Purchase Agreement**"), dated as of December 22, 2006, among Brown & Brown, Inc., a Florida corporation (the "**Company**"), Prudential Investment Management, Inc. and each of the other Persons named therein as parties thereto. All terms used herein that are defined in the Note Purchase Agreement have the respective meanings specified in the Note Purchase Agreement.

Prudential or the Prudential Affiliate which is named below as a Purchaser of Shelf Notes hereby confirms the representations as to such Notes set forth in Section 5 of the Agreement, and agrees to be bound by the provisions of Section 2.2 of the Agreement.

Pursuant to Section 2.2(f) of the Note Purchase Agreement, an Acceptance with respect to the following Accepted Notes is hereby confirmed:

II. Accepted Note. Aggregate principal amount $____________________

(A) (a) Name of Purchaser:
(b) Principal amount:
(c) Final maturity date:
(d) Principal installment dates and amounts:
(e) Interest rate:
(f) Interest payment period:
(g) Registration Number;
(h) Modifications to applicable Make-Whole Amount or Optional Floating Rate Prepayment Amount, if any:

(B) (a) Name of Purchaser;
(b) Principal amount:
(c) Final maturity date:
(d) Principal installment dates and amounts:
(e) Interest rate:
(f) Interest payment period:
(g) Registration Number;
(h) Modifications to applicable Make-Whole Amount or Optional Floating Rate Prepayment Amount, if any:

(C), (D) ….. same information as to any other Purchaser]

II. Closing Day: ________________________________

Dated: _______________ _____, ________

BROWN & BROWN, INC.

By: ______________________________

Name:
Title:

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: ______________________________

Name:
Title: Vice President

[PRUDENTIAL AFFILIATE]

By: ______________________________

Name:
Title: Vice President

EXHIBIT 4.1(d)(i)

FORM OF FIRST CLOSING DATE OPINION OF SPECIAL COUNSEL FOR THE COMPANY

See attached

EXHIBIT 4.1(d)(ii)

FORM OF FIRST CLOSING DATE OPINION OF SPECIAL COUNSEL FOR THE PURCHASERS

See attached

FORM OF CLOSING DAY OPINION OF SPECIAL COUNSEL FOR THE COMPANY

[To be provided in substantially the same form as that provided in connection with the First Closing Date, with such changes as to which Prudential and the applicable Purchasers may agree]

EXHIBIT 4.2(d)(ii)

FORM OF CLOSING DAY OPINION OF SPECIAL COUNSEL FOR THE PURCHASERS

[To be provided in substantially the same form as that provided in connection with the First Closing Date, with such changes as to which Prudential and the applicable Purchasers may agree]

EXHIBIT 9.6(a)

FORM OF SUBSIDIARY GUARANTY

See attached

Exhibit 9.6(a)

Exhibit 10.15
PTC-3

12-19-06

SECOND AMENDMENT TO AMENDED AND RESTATED
<u>REVOLVING AND TERM LOAN AGREEMENT</u>

THIS SECOND AMENDMENT TO AMENDED AND RESTATED REVOLVING AND TERM LOAN AGREEMENT (the "**<u>Second Amendment</u>**"), dated and effective as of December 22, 2006, is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "**<u>Borrower</u>**"), and **SUNTRUST BANK**, a Georgia corporation (the "**<u>Lender</u>**").

<u>WITNESSETH</u>:

WHEREAS, on or about January 3, 2001, the Borrower and the Lender entered into that certain Amended and Restated Revolving and Term Loan Agreement (the "**<u>Initial Term Loan Agreement</u>**") providing for a term loan all as provided in the Initial Term Loan Agreement; and

WHEREAS, on or about July 15, 2004, the Borrower and the Lender amended the Initial Term Loan Agreement by virtue of that certain First Amendment To Amended And Restated Revolving And Term Loan Agreement (the "**<u>First Amendment</u>**") dated July 15, 2004. Hereafter, the term "**<u>Initial Term Loan Agreement</u>**" includes the First Amendment; and

WHEREAS, the Initial Term Loan Agreement in Section 8.1 of the Initial Term Loan Agreement contains various restrictions on the ability of the Borrower to incur other debt; and

WHEREAS, the Borrower desires to incur additional unsecured indebtedness up to the principal amount of $200,000,000 through the issuance of promissory notes to one or more investors (the "**<u>2006 Note Offering</u>**"); and

WHEREAS, the Borrower and the Lender wish to amend the Initial Term Loan Agreement so as to permit, among other matters, (i) the elimination of certain restrictions on unsecured indebtedness by the Borrower, (ii) the 2006 Note Purchase Agreement, and (iii) the modification of the terms of the Initial Term Loan Agreement in accordance with the terms and conditions of this Second Amendment.

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:

1. **<u>Definitions</u>**. Unless defined in this Second Amendment, capitalized terms contained herein shall have the meaning set forth in the Initial Term Loan Agreement.

2. <u>New **Definitions**</u>. The following definitions are added to Article I of the Initial Term Loan Agreement:

"**<u>2006 Note Offering</u>**" 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.

"**<u>2006 Note Purchase Agreement</u>**" 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 (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.

3. **Amendment to Initial Term Loan Agreement**. The Initial Term Loan Agreement is hereby amended as follows:

(a) Section 8.1 captioned "**Indebtedness**" is hereby amended in its entirety to read as follows:

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

(a) Indebtedness under this Agreement;

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

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

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

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

(f) 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;

(g) Unsecured Indebtedness without any limitation of amount provided that the maturity of said Indebtedness is longer than the maturity of the Facility; and

(h) Unsecured Indebtedness due under the 2004 Note Offering not to exceed at any time the aggregate amount of $200,000,000 and unsecured Indebtedness due under the 2006 Note Offering not to exceed at any time the aggregate amount of $200,000,000.

(b) Section 8.8 of the Initial Term Loan Agreement captioned **"Optional Prepayments"** is hereby amended in its entirety to read as follows:

Section 8.8 **Optional Prepayments**. Make any payment in violation of the subordination provisions of any Subordinated Debt.

(c) Section 8.11 of the Initial Term Loan Agreement captioned "Additional Negative Pledges" is hereby deleted in its entirety.

(d) Section 8.12 of the Initial Term Loan Agreement captioned **"Limitation on Payment Restrictions Affecting Consolidated Companies"** is hereby amended in its entirety to read as follows:

> **Section 8.12** **Limitation on Payment Restrictions Affecting Consolidated Companies.** Create or otherwise cause or suffer to exist or become effective, any consensual encumbrance or restriction on the ability of any Consolidated Company to (a) pay dividends or make any other distributions on such Consolidated Company's stock, or (b) pay any indebtedness owed to Borrower or any other Consolidated Company, except in each case any consensual encumbrance or restriction existing under the Credit Documents, or as are contained in the documentation of the SunTrust Term Loan, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** hereof.

(e) Section 8.17 of the Initial Term Loan Agreement captioned **"Guaranties"** is hereby amended in its entirety to read as follows:

> **Section 8.17** **Guaranties.** Without the prior written consent of the Lender, extend or execute any Guaranty other than (a) endorsements of instruments for deposit or collection in the ordinary and normal course of business, (b) Guaranties acceptable in writing to the Lender, and (c) Guaranties for obligations of any Consolidated Subsidiary, **provided, however**, said Guaranteed Indebtedness under this subparagraph (c) will not exceed the aggregate amount of $10,000,000 without the prior written consent of the Lender, and (d) Guaranties of Subsidiaries in connection with the SunTrust Term Loan, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** hereof.

(f) Section 8.18 of the Initial Term Loan Agreement captioned **"Changes in Debt Instruments"** is hereby deleted in its entirety.

4. **Guaranties**. The Lender acknowledges that it is considering a request from the Borrower to eliminate the requirement for Guarantors under the Facility, and in connection therewith the Lender agrees to waive compliance with the requirements of Section 6.25 and 7.10 of the Initial Term Loan Agreement until January 30, 2007.

5. **Ratification**. Except as modified by this Second Amendment, the parties do hereby confirm and ratify the Initial Term Loan Agreement. Hereafter, the term **"Term Loan Agreement"** means and includes this Second Amendment.

Signature Page Follows

SIGNATURE PAGE TO SECOND AMENDMENT

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Amended and Restated Revolving and Term Loan 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: /s/ Cory T. Walker
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
General Counsel
BROWN & BROWN, INC.
3101 West Martin Luther King Jr. Boulevard
Suite 400
Tampa, Florida 33607
Telephone No.: (813) 222-4182
Telecopy No.: (813) 222-4464

LENDER:

SUNTRUST BANK

By: /s/ Sarah Hudson Anderson
Sarah Hudson Anderson, Vice President

Address for Notices:

SunTrust Bank
Mail Code FL-Orlando-1106
200 South Orange Avenue
Tower 10
Orlando, FL 32801
Telephone: (407) 237-4636
Telecopy: (407) 237-4076

Exhibit 10.16
PTC-5

12-19-06

THIRD AMENDMENT TO REVOLVING LOAN AGREEMENT

THIS THIRD AMENDMENT TO REVOLVING LOAN AGREEMENT, dated and effective as of December 22, 2006 (the "**Third Amendment**"), 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 September 29, 2003, the Borrower and the Lender entered into that certain Revolving Loan Agreement (the "**Initial Revolving Loan Agreement**") providing for a revolving loan up to the maximum amount of $75,000,000 from the Lender to the Borrower. Subsequently, that Initial Revolving Loan Agreement was amended by virtue of that certain First Amendment To Revolving Loan Agreement (the **"First Amendment"**) dated December 30, 2003, and by virtue of that certain Second Amendment To Revolving Loan Agreement (the "**Second Amendment**") dated July 15, 2004. Hereafter, the term "**Initial Revolving Loan Agreement**" includes the First Amendment and the Second Amendment; and

WHEREAS, the Borrower desires to reduce the maximum amount of the Revolving Loan Commitment from $75,000,000 to $20,000,000, and has further requested certain other adjustments in the Initial Revolving Loan Agreement;

WHEREAS, the Borrower desires to incur additional unsecured indebtedness up to the principal amount of $200,000,000 through the issuance of promissory notes to one or more investors (the "**2006 Note Offering**"); and

WHEREAS, the Borrower and the Lender wish to amend the Initial Revolving Loan Agreement so as to permit, among other matters, (i) the reduction of the Revolving Loan Commitment to $20,000,000, (ii) the elimination of certain restrictions on unsecured indebtedness by the Borrower, (iii) the 2006 Note Purchase Agreement, and (iv) the modification of the terms of the Initial Revolving Loan Agreement in accordance with the terms and conditions of this Third Amendment.

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:

1. **Definitions**. Unless defined in this Third Amendment, capitalized terms contained herein shall have the meaning set forth in the Initial Revolving Loan Agreement.

2. **Amendment of Existing Definitions**. The following existing definitions contained in Article I of the Initial Revolving Loan Agreement are hereby amended:

"**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	Leverage Ratio	Base Rate Advances[1]	Eurodollar Advances	Availability Fee
I	<1.00x	-1.000%	0.450%	0.100%
II	<1.50x	-1.000%	0.575%	0.125%
III	<2.00x	-1.000%	0.700%	0.150%
IV	>2.00x	-1.000%	0.875%	0.200%

[1] On all Base Rate Advances, the Applicable Margin is a negative 100 basis points).

provided, **however**, that adjustments, if any, to the Applicable Margin based on changes in the Ratio set forth above shall be made and become effective on the date of this Third Amendment.

"Maturity Date" shall mean the earlier of (a) December 20, 2011, 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.

"Revolving Loan Commitment" shall mean the amount of $20,000,000 as the same may be decreased from time to time as a result of any reduction thereof pursuant to **Section 2.5** hereof, or any amendment thereof pursuant to **Section 11.2** hereof. The LC Commitment and the Swingline Commitment shall be deemed to be sublimits under this Revolving Loan Commitment.

3. **New Definitions.** The following definitions are added to Article I of the Initial Revolving Loan 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.

"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 (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.

4. **Amendments to Covenants of Initial Revolving Loan Agreement**. The Initial Revolving Loan Agreement is hereby amended as follows:

(a) Section 4.11 captioned "**Payments on SunTrust Term Loan From Sale of Assets**" is hereby amended in its entirety to read as follows:

Section 4.11 Payments on SunTrust Term Loan From Sale of Assets. Borrower shall be required to make mandatory principal payments on the SunTrust Term Loan from 100% of the net proceeds received by the Borrower and any of its Subsidiaries from any sale or other disposition of any Assets (including any Book of Business Sales) but only to the extent in excess of $10,000,000 in any fiscal year.

(b) Section 8.1 captioned "**Indebtedness**" is hereby amended in its entirety to read as follows:

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

(a) Indebtedness under this Agreement;

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

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

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

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

(f) 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;

(g) Unsecured Indebtedness without any limitation of amount provided that the maturity of said Indebtedness is longer than the maturity of the Facility; and

(h) Unsecured Indebtedness due under the 2004 Note Offering not to exceed at any time the aggregate amount of $200,000,000 and unsecured Indebtedness due under the 2006 Note Offering not to exceed at any time the aggregate amount of $200,000,000.

(c) Section 8.8 of the Initial Revolving Loan Agreement captioned "**Optional Prepayments**" is hereby amended in its entirety to read as follows:

Section 8.8 **Optional Prepayments**. Make any payment in violation of the subordination provisions of any Subordinated Debt.

(d) Section 8.11 of the Initial Revolving Loan Agreement captioned **"Additional Negative Pledges"** is hereby deleted in its entirety.

(e) Section 8.12 of the Initial Revolving Loan Agreement captioned **"Limitation on Payment Restrictions Affecting Consolidated Companies"** is hereby amended in its entirety to read as follows:

Section 8.12 **Limitation on Payment Restrictions Affecting Consolidated Companies.** Create or otherwise cause or suffer to exist or become effective, any consensual encumbrance or restriction on the ability of any Consolidated Company to (a) pay dividends or make any other distributions on such Consolidated Company's stock, or (b) pay any indebtedness owed to Borrower or any other Consolidated Company, except in each case any consensual encumbrance or restriction existing under the Credit Documents, or as are contained in the documentation of the SunTrust Term Loan, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** hereof.

(f) Section 8.17 of the Initial Revolving Loan Agreement captioned **"Guaranties"** is hereby amended in its entirety to read as follows:

Section 8.17 **Guaranties.** Without the prior written consent of the Lender, extend or execute any Guaranty other than (a) endorsements of instruments for deposit or collection in the ordinary and normal course of business, (b) Guaranties acceptable in writing to the Lender, and (c) Guaranties for obligations of any Consolidated Subsidiary, **provided, however**, said Guaranteed Indebtedness under this subparagraph (c) will not exceed the aggregate amount of $10,000,000 without the prior written consent of the Lender, and (d) Guaranties of Subsidiaries in connection with the SunTrust Term Loan, the 2004 Note Purchase Agreement, the 2006 Note Purchase Agreement, or Indebtedness described in **Section 8.1(g)** hereof.

(g) Section 8.18 of the Initial Revolving Loan Agreement captioned **"Changes in Debt Instruments"** is hereby deleted in its entirety.

5. **Guaranties.** The Lender acknowledges that it is considering a request from the Borrower to eliminate the requirement for Guarantors under the Facility, and in connection therewith the Lender agrees to waive compliance with the requirements of Section 6.25 and 7.10 of the Initial Revolving Loan Agreement until January 30, 2007.

6. **Extension Fee/Upfront Fee.** In connection with this Third Amendment, the Borrower shall pay to the Lender a fee of $10,000.00, to be paid with the execution of this agreement. In addition, the Borrower shall further pay to the Lender its reasonable costs and attorneys' fees, in connection with this Third Amendment.

7. **Ratification** . Except as modified by this Third Amendment, the parties do hereby confirm and ratify the Initial Revolving Loan Agreement. Hereafter, the term "**Revolving Loan Agreement**" means and includes this Third Amendment.

8. **Conflicts Between Term Loan and Revolving Loan**. In addition to the term loan evidenced by the Revolving Loan Agreement, the Lender has also extended to the Borrower a separate and distinct term loan which is evidenced by that certain Amended and Restated Revolving and Term Loan Agreement (as amended or modified, the "**Term Loan Agreement**") dated January 3, 2001, as amended by that certain First Amendment to Amended and Restated Revolving and Term Loan Agreement dated July 15, 2004, and that certain Second Amendment to Amended and Restated Revolving and Term Loan Agreement of even date herewith. To the extent there is a conflict in the provisions of said Term Loan Agreement and Revolving Loan Agreement in the Articles relating to Affirmative Covenants or Negative Covenants (including any definitions relating to or used in said Affirmative or Negative Covenants), the terms and conditions of the Revolving Loan Agreement shall govern.

Signature Page Follows

SIGNATURE PAGE TO THIRD AMENDMENT TO REVOLVING LOAN AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Revolving Loan 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: /s/ Cory T. Walker
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
General Counsel
BROWN & BROWN, INC.
3101 West Martin Luther King Jr. Boulevard
Suite 400
Tampa, Florida 33607
Telephone No.: (813) 222-4182
Telecopy No.: (813) 222-4464

LENDER:

SUNTRUST BANK

By: /s/ Sarah Hudson Anderson
Sarah Hudson Anderson, Vice President

Address for Notices:

SunTrust Bank
Mail Code FL-Orlando-1106
200 South Orange Avenue
Tower 10
Orlando, FL 32801
Telephone: (407) 237-4636
Telecopy: (407) 237-4076

Exhibit 10.17

THIRD AMENDMENT TO AMENDED AND RESTATED
<u>REVOLVING AND TERM LOAN AGREEMENT</u>

THIS THIRD AMENDMENT TO REVOLVING LOAN AGREEMENT, dated and effective as of January 30, 2007 (the "**<u>Third Amendment</u>**"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "**<u>Borrower</u>**"), and **SUNTRUST BANK**, a Georgia corporation (the "**<u>Lender</u>**").

<u>WITNESSETH</u>:

WHEREAS, on or about January 3, 2001, the Borrower and the Lender entered into that certain Amended and Restated Revolving and Term Loan Agreement (the "**<u>Initial Term Loan Agreement</u>**") providing for a term loan all as provided in the Initial Term Loan Agreement; and

WHEREAS, the Borrower and the Lender amended the Initial Term Loan Agreement by virtue of that certain First Amendment To Amended And Restated Revolving And Term Loan Agreement (the "**<u>First Amendment</u>**") dated July 15, 2004 and that certain Second Amendment to Amended and Restated Revolving And Term Loan Agreement (the "**<u>Second Amendment</u>**") dated December 22, 2006. Hereafter, the term "**<u>Initial Term Loan Agreement</u>**" includes the First Amendment and the Second Amendment; and

WHEREAS, the Borrower has requested the Lender to release from liability for the Facility all Guarantors and to delete from the Initial Term Loan Agreement, the provisions thereof referring to or requiring Guarantors, and the Lender is prepared to do so pursuant to the terms of this Third Amendment.

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:

1. **<u>Definitions</u>.** Unless defined in this Third Amendment, capitalized terms contained herein shall have the meaning set forth in the Initial Term Loan Agreement.

2. **<u>Deletion of Existing Definitions</u>**. The following existing definitions contained in Article I of the Initial Term Loan Agreement are hereby deleted:

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

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

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

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

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

3. **Amendment of Existing Definitions**. The following existing definitions contained in Article I of the Initial Term Loan Agreement are hereby amended as follows:

"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.

"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.

4. **Amendments to Initial Term Loan Agreement.** The Initial Term Loan Agreement is hereby amended as follows:

(a) Section 4.17 captioned "**Benefits to Guarantors**" is hereby deleted in its entirety.

(b) Section 6.25 captioned "**Guarantors - Income Requirement**" is hereby deleted in its entirety.

(c) Section 7.7(12) captioned "**New Material Subsidiaries**" is hereby deleted in its entirety.

(d) Section 7.7(m) captioned "**Intercompany Asset Transfers**" is hereby deleted in its entirety.

(e) Section 7.10 captioned "**Additional Guarantors**" is hereby deleted in its entirety.

(f) Section 7.11 of the Initial Term Loan Agreement captioned "**Ownership of Guarantors**" is hereby deleted in its entirety.

(g) Section 8.1(5), containing an exception to the prohibition of Indebtedness, is hereby replaced with "(c) The Intercompany Loans described on **Schedule 6.22** and any other loans between any of the Consolidated Companies, not exceeding individually at any time the amount of $500,000 and in the aggregate at any time the amount of $1,000,000 (excluding Intercompany Loans listed on **Schedule 6.22**)."

(h) Section 8.3(b), containing an exception to the prohibition on sale or lease of assets, is hereby replaced with "(b) other asset sales (including sales of the Capital Stock of Subsidiaries) between any of the Consolidated Companies."

(i) Section 8.5(3), containing an exception to the prohibition on Investments relating to Guarantors, is hereby deleted in its entirety and Section 8.5(2), also containing an exception to the prohibition on Investments, is hereby replaced with "(2) Investments in Subsidiaries, **provided however,** nothing in this **Section 8.5(2)** shall be deemed to authorize an investment in any entity that is not a Subsidiary prior to such investment."

(j) Section 8.17 of the Initial Term Loan Agreement captioned “**Guaranties**” is hereby deleted in its entirety.

(k) Section 9.10 captioned “**Ownership of Credit Parties and Pledged Entities**” is hereby deleted in its entirety.

5. **Ratification**. Except as modified by this Third Amendment, the parties do hereby confirm and ratify the Initial Term Loan Agreement. Hereafter, the term **“Term Loan Agreement”** means and includes this Third Amendment.

Signature Page Follows

SIGNATURE PAGE TO THIRD AMENDMENT TO REVOLVING AND TERM LOAN AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Revolving and Term Loan 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: /s/ Cory T. Walker
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
General Counsel
BROWN & BROWN, INC.
3101 West Martin Luther King Jr. Boulevard
Suite 400
Tampa, Florida 33607
Telephone No.: (813) 222-4182
Telecopy No.: (813) 222-4464

LENDER:

SUNTRUST BANK

By: /s/ Sarah Hudson Anderson
Sarah Hudson Anderson, Vice President

Address for Notices:

SunTrust Bank
Mail Code FL-Orlando-1106
200 South Orange Avenue
Tower 10
Orlando, FL 32801
Telephone: (407) 237-4636
Telecopy: (407) 237-4076

Exhibit 10.18

FOURTH AMENDMENT TO REVOLVING LOAN AGREEMENT

THIS FOURTH AMENDMENT TO REVOLVING LOAN AGREEMENT, dated and effective as of January 30, 2007 (the "**Fourth Amendment**"), 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 September 29, 2003, the Borrower and the Lender entered into that certain Revolving Loan Agreement (the "**Initial Revolving Loan Agreement**") providing for a revolving loan up to the maximum amount of $75,000,000 from the Lender to the Borrower. Subsequently, that Initial Revolving Loan Agreement was amended by virtue of that certain First Amendment To Revolving Loan Agreement (the **"First Amendment"**) dated December 30, 2003, and by virtue of that certain Second Amendment To Revolving Loan Agreement (the "**Second Amendment**") dated July 15, 2004, and by virtue of that certain Third Amendment to Revolving Loan Agreement (the "**Third Amendment**") dated December 22, 2006. Hereafter, the term "**Initial Revolving Loan Agreement**" includes the First Amendment, the Second Amendment, and the Third Amendment; and

WHEREAS, the Borrower has requested the Lender to release from liability for the Facility all Guarantors and to delete from the Initial Revolving Loan Agreement, the provisions thereof referring to or requiring Guarantors, and the Lender is prepared to do so pursuant to the terms of this Fourth Amendment.

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:

1. **Definitions**. Unless defined in this Fourth Amendment, capitalized terms contained herein shall have the meaning set forth in the Initial Revolving Loan Agreement.

2. **Deletion of Existing Definitions**. The following existing definitions contained in Article I of the Initial Revolving Loan Agreement are hereby deleted:

"**Contribution Agreement**" means that certain Contribution Agreement by and among the Guarantors, in form acceptable to the Lender.

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

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

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

"**Material Assets**" shall mean any assets which are material to the operations of the Consolidated Companies such as, but not limited, to, trademarks, contractual rights, real estate, etc.

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

3. **Amendment of Existing Definitions**
. The following existing definitions contained in Article I of the Initial Revolving Loan Agreement are hereby amended as follows:

"Credit Documents" shall mean, collectively, this Agreement 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.

"**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.

"**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 the Borrower under the LC Commitment.

4. **Amendments to Initial Revolving Loan Agreement**. The Initial Revolving Loan Agreement is hereby amended as follows:

(a) Section 4.17 captioned "**Benefits to Guarantors**" is hereby deleted in its entirety.

(b) Section 6.25 captioned "**Guarantors - Income Requirement**" is hereby deleted in its entirety.

(c) Section 7.7(l) captioned "**New Material Subsidiaries**" is hereby deleted in its entirety.

(d) Section 7.7(m) captioned "**Intercompany Asset Transfers**" is hereby deleted in its entirety.

(e) Section 7.10 captioned "**Additional Guarantors**" is hereby deleted in its entirety.

(f) Section 7.11 of the Initial Revolving Loan Agreement captioned "**Ownership of Guarantors**" is hereby deleted in its entirety.

(g) Section 8.1(e), containing an exception to the prohibition on Indebtedness, is hereby replaced with "(c) The Intercompany Loans described on **Schedule 6.22** and any other loans between any of the Consolidated Companies, not exceeding individually at any time the amount of $500,000 and in the aggregate at any time the amount of $1,000,000 (excluding Intercompany Loans listed on Schedule 6.22)."

(h) Section 8.3(b), containing an exception to the prohibition on sale or lease of assets, is hereby replaced with "(b) other asset sales (including sales of the Capital Stock of Subsidiaries) between any of the Consolidated Companies."

(i) Section 8.5(c), containing an exception to the prohibition on Investments relating to Guarantors, is hereby deleted in its entirety, and Section 8.5(b), also containing an exception to the prohibition on Investments, is hereby replaced with "(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."

(j) Section 8.17 of the Initial Revolving Loan Agreement captioned "**Guaranties**" is hereby deleted in its entirety.

(k) Section 9.10 captioned "**Ownership of Credit Parties and Pledged Entities**" is hereby deleted in its entirety.

5. **Ratification**. Except as modified by this Fourth Amendment, the parties do hereby confirm and ratify the Initial Revolving Loan Agreement. Hereafter, the term "**Revolving Loan Agreement**" means and includes this Fourth Amendment.

6. **Conflicts Between Term Loan and Revolving Loan**. In addition to the term loan evidenced by the Revolving Loan Agreement, the Lender has also extended to the Borrower a separate and distinct term loan which is evidenced by that certain Amended and Restated Revolving and Term Loan Agreement (as amended or modified, the "**Term Loan Agreement**") dated January 3, 2001, as amended by that certain First Amendment to Amended and Restated Revolving and Term Loan Agreement dated July 15, 2004, and that certain Second Amendment to Amended and Restated Revolving and Term Loan Agreement dated December 22, 2006, and that certain Third Amendment to Amended and Restated Revolving and Term Loan Agreement of even date herewith. To the extent there is a conflict in the provisions of said Term Loan Agreement and Revolving Loan Agreement in the Articles relating to Affirmative Covenants or Negative Covenants (including any definitions relating to or used in said Affirmative or Negative Covenants), the terms and conditions of the Revolving Loan Agreement shall govern.

Signature Page Follows

SIGNATURE PAGE TO FOURTH AMENDMENT TO REVOLVING LOAN AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to Revolving Loan 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: /s/ Cory T. Walker
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
General Counsel
BROWN & BROWN, INC.
3101 West Martin Luther King Jr. Boulevard
Suite 400
Tampa, Florida 33607
Telephone No.: (813) 222-4182
Telecopy No.: (813) 222-4464

LENDER:

SUNTRUST BANK

By: /s/ Sarah Hudson Anderson
Sarah Hudson Anderson, Vice President

Address for Notices:

SunTrust Bank
Mail Code FL-Orlando-1106
200 South Orange Avenue
Tower 10
Orlando, FL 32801
Telephone: (407) 237-4636
Telecopy: (407) 237-4076

EXHIBIT 21

BROWN & BROWN, INC.
ACTIVE SUBSIDIARIES

Florida Corporations:

1. Allocation Services, Inc.
2. Brown & Brown of Florida, Inc. f/k/a B & B Insurance Services, Inc.
3. B & B Protector Plans, Inc.
4. Braishfield Associates, Inc.
5. Champion Underwriters, Inc.
6. Hull & Company, Inc.
7. Madoline Corporation
8. Physicians Protector Plan RPG, Inc.
9. Preferred Governmental Claim Solutions, Inc.
10. Program Management Services, Inc.
11. Risk Management Associates, Inc.
12. Shapiro Insurance, Inc.

Foreign Corporations:

13. Acumen Re Management Corporation (DE)
14. AFC Insurance, Inc. (PA)
15. American Specialty Insurance & Risk Services, Inc. (IN)
16. Balcones-Southwest, Inc. (TX)
17. Brown & Brown Agency of Insurance Professionals, Inc. (OK)
18. Brown & Brown Insurance Agency of Virginia, Inc. (VA)
19. Brown & Brown Insurance Benefits, Inc. (TX)
20. Brown & Brown Insurance of Arizona, Inc. (AZ)
21. Brown & Brown Insurance of Georgia, Inc. (GA)
22. Brown & Brown Insurance of Nevada, Inc. (NV)
23. Brown & Brown Insurance Services of El Paso, Inc. (TX)
24. Brown & Brown Insurance Services of San Antonio, Inc.(TX)
25. Brown & Brown Insurance Services of Texas, Inc. (TX)
26. Brown & Brown Metro, Inc. (NJ)
27. Brown & Brown of Arkansas, Inc. (AR)
28. Brown & Brown of Bartlesville, Inc. (OK)
29. Brown & Brown of California, Inc. (CA)
30. Brown & Brown of Central Oklahoma, Inc. (OK)
31. Brown & Brown of Colorado, Inc. (CO)
32. Brown & Brown of Connecticut, Inc. (CT)
33. Brown & Brown of GF/EGF, Inc. (ND)
34. Brown & Brown of Illinois, Inc. (IL)
35. Brown & Brown of Iowa, Inc. (IA)
36. Brown & Brown of Kentucky, Inc. (KY)

37. Brown & Brown of Louisiana, Inc. (LA)
38. Brown & Brown of Michigan, Inc. (MI)
39. Brown & Brown of Minnesota, Inc. (MN)
40. Brown & Brown of Mississippi, Inc. (MS)
41. Brown & Brown of Missouri, Inc. (MO)
42. Brown & Brown of New Hampshire, Inc. (NH)
43. Brown & Brown of New Jersey, Inc. (NJ)
44. Brown & Brown of New York, Inc. (NY)
45. Brown & Brown of North Carolina, Inc. (NC)
46. Brown & Brown of North Dakota, Inc. (ND)
47. Brown & Brown of Ohio, Inc. (OH)
48. Brown & Brown of Pennsylvania, Inc. (PA)
49. Brown & Brown of South Carolina, Inc. (SC)
50. Brown & Brown of Tennessee, Inc. (TN)
51. Brown & Brown of Washington, Inc. (WA)
52. Brown & Brown of West Virginia, Inc. (WV)
53. Brown & Brown of Wisconsin, Inc. (WI)
54. Brown & Brown of Wyoming, Inc. (WY)
55. Brown & Brown Premium Finance Co. (VA)
56. Brown & Brown Re, Inc. (CT)
57. Brown & Brown Realty Co. (DE)
58. Conduit Insurance Managers, Inc. (TX)
59. Core 13, LLC (MI)
60. ECC Insurance Brokers, Inc. (IL)
61. Energy & Marine Underwriters, Inc. (LA)
62. Graham-Rogers, Inc. (OK)
63. Hardin & Wilson, Inc. (AR)
64. Healthcare Insurance Professionals, Inc. (TX)
65. International E&S Insurance Brokers, Inc. (CA)
66. John Manner Insurance Agency, Inc. (DE)
67. Lancer Claims Services, Inc. (NV)
68. Monarch Management Corporation (KS)
69. Payease Financial, Inc. (OK)
70. Peachtree Special Risk Brokers of New York, LLC (NY)
71. Peachtree Special Risk Brokers, LLC (GA)
72. Peachtree Special Risk Insurance Brokers of NV, Inc. (NV)
73. Peachtree West Insurance Brokers, Inc. (CA)
74. Proctor Financial, Inc. (MI)
75. Roswell Insurance & Surety Agency, Inc. (NM)
76. Technical Risks, Inc. (TX)
77. TES Acquisition Corp. (CA)
78. The Flagship Group, Ltd. (VA)
79. Title Pac, Inc. (OK)

Indirect Subsidiaries:

80. ALCOS Commercial Services, LLC (MI)
81. ALCOS Financial Services, LLC (MI)
82. ALCOS Group Services, LLC (MI)
83. ALCOS Personal Services, LLC (MI)
84. Axiom Re, Inc. (FL)
85. Azure IV Acquisition Corporation (AZ)
86. Brown & Brown of Indiana, Inc. (IN)
87. Brown & Brown of Lehigh Valley, Inc. (PA)
88. Brown & Brown of New Mexico, Inc. (NM)
89. Brown & Brown of Northern California, Inc. (CA)
90. Brown & Brown of Southwest Indiana, Inc. (IN)
91. Ernest Smith Insurance Agency, Inc. (FL)
92. Florida Intracoastal Underwriters, Limited Company (FL)
93. Graham-Rogers of Arkansas, Inc. (AR)
94. Halcyon Underwriters, Inc. (FL)
95. MacDuff America, Inc. (FL)
96. MacDuff Pinellas Underwriters, Inc. (FL)
97. MacDuff Underwriters, Inc. (FL)
98. USIS, Inc. (FL)

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-75158 on Form S-3; No. 33-41204 on Form S-8, as amended by Amendment No.1 to Form S-8 No. 333-04888, and Nos. 333-14925 and 333-43018 on Forms S-8 of our reports dated March 1, 2007 relating to the consolidated financial statements and management's report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of Brown & Brown, Inc. and subsidiaries for the year ended December 31, 2006.

/s/ Deloitte & Touche LLP

Jacksonville, Florida
March 1, 2007

EXHIBIT 24

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ J. HYATT BROWN

J. Hyatt Brown

Dated: January 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ JIM W. HENDERSON

Jim W. Henderson

Dated: January 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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/ DAVID H. HUGHES

David H. Hughes

Dated: January 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., 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 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2006 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/ JAN E. SMITH

Jan E. Smith

Dated: January 24, 2007

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., 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 2006 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 24, 2007

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 annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The Registrant's other certifying officers 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) disclosed in this annual 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: March 1, 2007

/s/ J. Hyatt Brown
J. Hyatt Brown
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 annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The Registrant's other certifying officers 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) disclosed in this annual 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: March 1, 2007

/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, 2006 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, J. Hyatt Brown, 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: March 1, 2007

/s/ J. Hyatt Brown
J. Hyatt Brown
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, 2006 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: March 1, 2007

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer