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

FORM 10-K

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from _____to_____

Commission file number 1-13619

BROWN & BROWN, INC.

(Exact name of Registrant as specified in its charter)

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

Registrant's telephone number, including area code: (386) 252-9601
Registrant's Website: www.bbinsurance.com

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

Title of each class	Name of each exchange on which registered
COMMON STOCK, $0.10 PAR VALUE	**NEW YORK STOCK EXCHANGE**

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

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant, computed by reference to the last reported price at which the stock was sold on June 30, 2005 (the last day of the registrant's most recently completed second fiscal quarter), was $2,490,874,100.

The number of outstanding shares of the registrant's Common Stock, $.10 par value, outstanding as of March 10, 2006 was 139,397,938.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2006 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, 2005

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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:

- 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, brokerage and service business;
- a significant portion of business written by Brown & Brown is for customers located in California, Florida, Georgia, 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, 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 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. Primarily as a result of these hurricanes, including Hurricanes Katrina, Rita and Wilma, the total insured losses are estimated to be in excess of $50 billion. The full impact that the 2005 insured losses will have on the insurance premium rates charged by insurance companies for 2006 is unknown, however, there appears to be a general consensus that there will be upward pressure on at least the insurance premium rates on coastal property, primarily in the southeastern part of the United States.

As of December 31, 2005, our activities were conducted in 170 locations in 34 states as follows:

Florida	38	Arkansas	3
California	12	Minnesota	3
Georgia	11	Nevada	3
New York	10	South Carolina	3
Texas	10	Wisconsin	3
New Jersey	8	Montana	2
Virginia	8	New Hampshire	2
Colorado	6	North Carolina	2
Washington	5	Connecticut	1
Arizona	4	Hawaii	1
Illinois	4	Kentucky	1
Indiana	4	Massachusetts	1
Louisiana	4	Missouri	1
Michigan	4	Nebraska	1
New Mexico	4	Ohio	1
Oklahoma	4	Tennessee	1
Pennsylvania	4	Utah	1

Business Combinations

Beginning in 1993 through 2005, we acquired 205 insurance intermediary operations, excluding acquired books of business (customer accounts), that had aggregate estimated annual revenues of $570.7 million for the 12 calendar months immediately preceding the dates of acquisition. Of these, 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. During 2003, 23 operations were acquired, with aggregate estimated annual revenues of $42.6 million for the 12 calendar months immediately preceding the dates of acquisition. Additionally in 2003, we acquired the remaining 25% ownership of Florida Intracoastal Underwriters, Limited Company that we previously did not own.

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

From January 1, 2006 through March 14, 2006, Brown & Brown acquired the assets and assumed certain liabilities of three insurance intermediary entities. See Note 17 to the Consolidated Financial Statements for a summary of our 2006 acquisitions.

DIVISIONS

Our business is divided into four reportable operating segments: (1) the Retail Division; (2) the National Programs Division; (3) the 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 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, and comprehensive medical utilization management services in both workers' compensation and all-lines liability arenas.

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 2005, 2004 and 2003, and (2) the percentage of our total commissions and fees revenue represented by each segment for each such period:

(in thousands, except percentages)	**2005**	**%**	**2004**	**%**	**2003**	**%**
Retail Division	$489,566	63.1%	$457,936	71.8%	$395,385	72.5%
National Programs Division	133,147	17.2	111,907	17.5	90,385	16.6
Brokerage Division	125,537	16.2	41,585	6.5	31,738	5.8
Services Division	26,565	3.4	25,807	4.0	27,920	5.1
Other	728	0.1	1,032	0.2	(141)	(0.0)
Total	$775,543	100.0%	$638,267	100.0%	$545,287	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, 2005, our Retail Division operated in 27 states and employed 2,718 persons. Our retail insurance agency business provides a broad range of insurance products and services to commercial, 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 2005, 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, 2005, our National Programs Division employed 645 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, in some instances through certain of our retail offices. 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 in 1973. 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.

- *Physicians*: Initiated in 1980, the Physicians' Protector Plan® offered professional liability insurance for physicians, surgeons and other healthcare providers in select states. The contract with the underwriting insurance company on this program expired in March 2003. Since a replacement insurance company or program could not be negotiated, we terminated this program in 2004.

Special Programs. Special Programs markets targeted products and services to specific industries, trade groups, 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 offices in Ephrata, Washington, Norcross, Georgia, and Kokomo, Indiana are program administrators offering unique property and casualty insurance products, risk management consulting, third-party administration and related services designed for municipalities, schools, fire districts, and other public entities on a national basis.

- *Proctor Financial, Inc.* ("Proctor") provides insurance programs and compliance solutions for financial institutions who 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 services for the sports and entertainment industry with 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 unique insurance products for the health and human service 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*^{SM}. This program, introduced in 1998, provides property and casualty insurance protection for businesses involved in the handling and processing of various foods.

Brokerage Division

The Brokerage Division markets excess and surplus commercial insurance products and services to retail agencies (including our retail offices), and reinsurance products and services to insurance companies throughout the United States. 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 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 agency business is solicited through mailings and direct contact with retail agency representatives. At December 31, 2005, the Brokerage Division employed 806 persons.

In September 2001, we established Brown & Brown Re, Inc., a subsidiary headquartered in New York, New York that specializes in treaty and facultative reinsurance brokerage services. Brown & Brown Re had approximately $2.0 million in commission revenues in 2005.

On January 1, 2006, we acquired the assets of Axiom Intermediaries, LLC. (Axiom) with estimated annualized revenues of $14.0 million. Brown & Brown Re will be merged into Axiom. The Axiom acquisition will substantially increase our treaty and facultative reinsurance brokerage services.

In March 2005, we acquired the assets of Hull & Company, Inc. (Hull) with estimated annualized revenues of $63.0 million which along with acquisitions of several other larger brokerage operations, essentially tripled the 2005 revenues of this Division over 2004 revenues.

Services Division

At December 31, 2005, our Services Division employed 285 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; and (2) comprehensive medical utilization management services for both workers' compensation and all-lines liability insurance plans.

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 2005, our three largest workers' compensation contracts represented approximately 61.6% of our Services Divisions commissions and fees revenue, or approximately 2.1% 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. In 2003, we sold a similar operation based in Florida. 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, 2005, we had 4,540 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 continue 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 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 brokerage activities and derive revenues principally from commissions paid by insurance companies. The amount of such commissions is 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 through 2005, although the pace of decline moderated in the latter part of the year.

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 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 us, 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, and various state departments of insurance may 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 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 to appropriately apply funds that we hold for our clients on a fiduciary basis. We have established provisions against these items 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, 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, 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, New Jersey, New York, Pennsylvania and Washington. For the years ended December 31, 2005 and December 31, 2004, we derived $554.8 million, or 70.6%, and $468.7 million, or 72.5%, 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 INSURANCE AGENCIES, 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. 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 entities may not achieve levels of revenue, profitability, or productivity comparable to our existing locations, 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 agency 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 agencies 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. 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 stockholders. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing 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 event, in a state in which we have substantial operations, such as Florida, Arizona 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. The aggregate of these commissions generally accounts for 5.4% to 7.1% of the previous years total annual revenues over the last three years. 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. 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 recent changes in our industry, including the agreement of at least one carrier with government regulators to cease payment of certain of such commissions and including changes in underwriting criteria due in part to the high loss ratios experienced by insurance companies, we cannot predict the payment of these commissions as well as we have been able to in the past. 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.

OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION OR LIQUIDITY MAY BE MATERIALLY ADVERSELY AFFECTED BY ERRORS AND OMISSIONS.

We have extensive operations and are subject to claims and litigation in the ordinary course of business resulting from alleged errors and omissions. Because we often assist our clients with matters, including the placement of insurance coverage and the handling of related claims, that involve substantial amounts of money, errors and omissions claims against us may in turn allege our potential liability for all or part of the amounts in question, claimants can seek large damage awards and these claims can involve potentially significant defense costs. Errors and omissions could include, for example, our employees or sub-agents failing, whether negligently or intentionally, to place coverage or to notify insurance companies of claims on behalf of clients, to provide insurance companies with complete and accurate information relating to the risks being insured or to appropriately apply funds that we hold for our clients on a fiduciary basis. It is not always possible to prevent and detect errors and omissions and the precautions we take may not be effective in all cases. While most of the errors and omissions claims made against us have, subject to our self-insured deductibles, been covered by our professional liability insurance, our results of operations, financial condition or 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. In addition, errors and omissions claims may harm our reputation or divert management resources away from operating our business.

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 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 generally 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 have had an adverse effect on our financial condition in the past, and we may experience such effects in the future.

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 analysts' 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 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 depends, in part, on our ability to attract and retain experienced personnel, including its 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 16% of our outstanding common stock as of February 2, 2006, 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.

At February 2, 2006, 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 16%. 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 and Brown.

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

The Sarbanes-Oxley Act of 2002 that 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 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 TIMELY MANNER.

Our management, including our CEO and CFO, 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 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 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, 2006 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 Securities and Exchange Commission 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 the company's internal control over financial reporting. In addition, the public accounting firm auditing the company's 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 from us 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 issue a qualified report. A qualified 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 ("US GAAP"). The preparation of financial statements in accordance with GAAP in the United States of America 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. Any such changes 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 W. Martin Luther King Jr. Blvd., Suite 400, Tampa, Florida 33607. We lease offices at each of our 170 locations with the exception of the following, where we own the buildings in which our offices are located: Dansville and Jamestown, New York. 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, 2005.

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
2004			
First Quarter	$ 19.72	$ 16.01	$ 0.035
Second Quarter	$ 21.84	$ 18.47	$ 0.035
Third Quarter	$ 23.08	$ 20.18	$ 0.035
Fourth Quarter	$ 23.38	$ 19.30	$ 0.040
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

On March 10, 2006, there were 139,397,938 shares of our common stock outstanding, held by approximately 1,238 shareholders of record.

We intend to continue to pay quarterly dividends, subject to continued capital availability and a determination 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, 2005, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	2,016,988	$10.69	15,187,482
Equity compensation plans not approved by shareholders	-	-	-
Total	2,016,988	$10.69	15,187,482

Sales of Unregistered Securities

We made no sales of unregistered securities during the fourth quarter of 2005.

Issuer Purchases of Equity Securities

We did not purchase any shares of Brown & Brown, Inc. common stock during the fourth quarter of 2005.

ITEM 6. *Selected Financial Data.*

The following selected Consolidated Financial Data for each of the five fiscal years in the period ended December 31, 2005 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,				
	2005	**2004**	**2003**	**2002**	**2001**
REVENUES					
Commissions & fees [2]	$ 775,543	$ 638,267	$ 545,287	$ 452,289	$ 359,697
Investment income	6,578	2,715	1,428	2,945	3,686
Other income	3,686	5,952	4,325	508	1,646
Total revenues	785,807	646,934	551,040	455,742	365,029
EXPENSES					
Employee compensation and benefits	374,943	314,221	268,372	224,755	187,653
Non-cash stock grant compensation	3,337	2,625	2,272	3,823	1,984
Other operating expenses	105,622	84,927	74,617	66,554	56,815
Amortization	33,245	22,146	17,470	14,042	15,860
Depreciation	10,061	8,910	8,203	7,245	6,536
Interest	14,469	7,156	3,624	4,659	5,703
Total expenses	541,677	439,985	374,558	321,078	274,551
Income before income taxes and minority interest	244,130	206,949	176,482	134,664	90,478
Income taxes	93,579	78,106	66,160	49,271	34,834
Minority interest, net of tax	-	-	-	2,271	1,731
Net income	$ 150,551	$ 128,843	$ 110,322	$ 83,122	$ 53,913
EARNINGS PER SHARE INFORMATION					
Net income per share - diluted	$ 1.08	$ 0.93	$ 0.80	$ 0.61	$ 0.43
Weighted average number of shares outstanding - diluted	139,776	138,888	137,794	136,086	126,444
Dividends declared per share	$ 0.1700	$ 0.1450	$ 0.1213	$ 0.1000	$ 0.0800
YEAR-END FINANCIAL POSITION					
Total assets	$ 1,608,660	$ 1,249,517	$ 865,854	$ 754,349	$ 488,737
Long-term debt	$ 214,179	$ 227,063	$ 41,107	$ 57,585	$ 78,195
Shareholders' equity [3]	$ 764,344	$ 624,325	$ 498,035	$ 391,590	$ 175,285
Total shares outstanding	139,383	138,318	137,122	136,356	126,388
OTHER INFORMATION					
Number of full-time equivalent employees	4,540	3,960	3,517	3,384	2,921
Revenue per average number of employees	$ 184,896	$ 173,046	$ 159,699	$ 144,565	$ 144,166
Book value per share at year-end	$ 5.48	$ 4.51	$ 3.63	$ 2.87	$ 1.39
Stock price at year-end	$ 30.54	$ 21.78	$ 16.31	$ 16.16	$ 13.65
Stock price earnings multiple at year-end	28.35	23.41	20.38	26.49	32.12
Return on beginning shareholders' equity	24%	26%	28%	47%	46%

(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, 2005, 2004, 2003, 2002 and 2001 included net increases of $4,446,000, $4,467,000, $4,227,000, $2,106,000 and $4,393,000, 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 become effective November 28, 2005.

We are a diversified insurance agency, 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 $785.8 million in 2005, a compound annual growth rate of 19.2%. 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 $150.6 million in 2005, a compound annual growth rate of 27.7%. We have also increased net income per share 15.0% or more for 13 consecutive years, excluding the effect of a one-time investment gain of $1.3 million in 1994 and favorable adjustments to our income tax reserves of $0.7 million in 1994 and $0.5 million in 1995, respectively. 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 2005 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 $125.9 million.

Our commissions and fees revenue are 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, 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. Among other factors, 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. Primarily as a result of these hurricanes, including Hurricanes Katrina, Rita and Wilma, the total insured losses are estimated to be in excess of $50 billion. The full impact that the 2005 insured losses will have on the insurance premium rates charged by insurance companies for 2006 is unknown, however, there appears to be a general consensus that there will be upward pressure on at least the insurance premium rates on coastal property, primarily in the southeastern part of the United States.

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 and the general decline of economic activity in recent years have limited the increases in the values of insurable exposure units. Still, our revenues continue 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 2006.

We also earn "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), and, over the last three years, have averaged approximately 6.0% of the previous year's total commissions and fees revenue. 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 contingent commissions and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered.

Fee revenues are generated primarily by our Services Division, which provides insurance-related services, including third-party administration and consulting for the self-funded workers' compensation markets. 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 5.1% in 2003 to 3.4% in 2005. 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 2005, we acquired the assets 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 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.

During 2003, we acquired the assets and certain liabilities of 23 insurance intermediary operations, as well as the remaining 25% minority interest in Florida Intracoastal Underwriters, and several books of business (customer accounts). The aggregate purchase price was $86.2 million including $84.5 million of net cash payments, the issuance of $1.5 million in notes payable and the assumption of $0.2 million of liabilities. These acquisitions had estimated aggregate annualized revenues of $45.8 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 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. 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 include the physical records and files obtained from acquired businesses that contain information about insurance policies, customers and other matters essential to policy renewals, but it primarily represents the present value of the underlying cash flows expected to be received over the estimated future renewal periods of 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, earnings before interest, income taxes, depreciation and amortization (EBITDA), and pre-tax income.

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, 2005 and identified no impairment as a result of the evaluation.

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 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, 2005, 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, 2005, 2004 AND 2003

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):

	2005	Percent Change	2004	Percent Change	2003
REVENUES					
Commissions and fees	$ 740,567	21.9%	$ 607,615	18.5%	$ 512,753
Contingent commissions	34,976	14.1%	30,652	(5.8)%	32,534
Investment income	6,578	142.3%	2,715	90.1%	1,428
Other income, net	3,686	(38.1)%	5,952	37.6%	4,325
Total revenues	785,807	21.5%	646,934	17.4%	551,040
EXPENSES					
Employee compensation and benefits	374,943	19.3%	314,221	17.1%	268,372
Non-cash stock grant compensation	3,337	27.1%	2,625	15.5%	2,272
Other operating expenses	105,622	24.4%	84,927	13.8%	74,617
Amortization	33,245	50.1%	22,146	26.8%	17,470
Depreciation	10,061	12.9%	8,910	8.6%	8,203
Interest	14,469	102.2%	7,156	97.5%	3,624
Total expenses	541,677	23.1%	439,985	17.5%	374,558
Income before income taxes	$ 244,130	18.0%	$ 206,949	17.3%	$ 176,482
Net internal growth rate - core commissions and fees	3.1%		4.3%		5.9
Employee compensation and benefits ratio	47.7%		48.6%		48.7
Other operating expenses ratio	13.4%		13.1%		13.5
Capital expenditures	$ 13,426		$ 10,152		$ 15,946
Total assets at December 31	$ 1,608,660		$ 1,249,517		$ 865,854

Commissions and Fees

Commissions and fees revenue, including contingent commissions, increased 21.5% in 2005, 17.1% in 2004 and 20.6% in 2003. Core commissions and fees revenue increased 3.1% in 2005, 4.3% in 2004 and 5.9% in 2003, when excluding commissions and fees revenue generated from acquired operations and also from divested operations. The 2005 results reflect the continued moderation of the premium rate growth that began in 2004 compared with the slightly higher premium growth rates that occurred in 2003.

Investment Income

Investment income increased to $6.6 million in 2005, compared with $2.7 million in 2004 and $1.4 million in 2003. The increases in 2005 over 2004, and 2004 over 2003 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 2005, gains of $2.7 million were recognized from the sale of customer accounts as compared with $4.8 million and $4.0 million in 2004 and 2003, 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 19.3% in 2005, 17.1% in 2004 and 19.4% in 2003, 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 47.7% in 2005, 48.6% in 2004 and 48.7% in 2003, reflecting a gradual improvement in personnel efficiencies as revenues grow. We had 4,540 full-time equivalent employees at December 31, 2005, compared with 3,960 at December 31, 2004 and 3,517 at December 31, 2003.

Non-Cash Stock Grant Compensation

Non-cash stock grant compensation expense represents the expense required to be recorded under Accounting Principles Board Opinion (APB) No. 25, “Accounting for Stock Issued to Employees,” relating to our stock performance plan, which is more fully described in Note 11 of the Notes to Consolidated Financial Statements.

The annual cost of this stock performance plan increases only when our average stock price over a 20-trading-day period increases by increments of 20% or more from the price at the time of the original grant, or when additional shares are granted and the average stock price increases.

Since the first vesting condition for performance stock grants issued in 2001 was satisfied in 2002, when a 20-trading-day average stock price of $17.50 was reached, we issued another significant set of performance stock grants in January 2003 at a grant price per share of $17.50. There will be no expense relating to this set of performance stock grants until the 20-trading-day average stock price exceeds the $17.50 performance stock grant price by an increment of 20%. Additionally, other grants are periodically issued to new and existing employees.

During 2004, the average stock price exceeded the $21.00 average price for a 20-trading-day period required for the first 20% of the shares granted in January 2003 to be awarded, and therefore we began the annual expensing of such shares. As a result, the 2004 expense increased to $2.6 million from $2.3 million in 2003. During 2005, the average stock price exceeded the $28.00 average price for a 20-trading-day period required for the second and third 20% increments of the shares granted in January 2003 to be awarded, and as a result, the 2005 expense increased to $3.3 million from $2.6 million in 2004.

During 2003, since the average price of our stock never exceeded any of the 20% thresholds of the grants priced at $17.50 per share, the only expense related to our stock performance plan was the annual expense of grants issued prior to 2003, which was then partially offset by expense credits from forfeitures. As a result, the 2003 expense decreased to $2.3 million from $3.8 million in 2002.

Other Operating Expenses

As a percentage of total revenues, other operating expenses increased to 13.4% in 2005 from 13.1% in 2004, which in turn was a decrease from 13.5% in 2003. Legal and professional fee expenses increased $4.4 million in 2005 over the amount expended in 2004, which in turn was $1.2 million greater than what was expended in 2003. 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 contingent commissions, by state regulators and, to a lesser extent, by the requirements of compliance with the Sarbanes-Oxley Act of 2002. Offsetting these expenses in 2004 was approximately $1.0 million in reductions to our litigation and claims reserve. Excluding the impact of these increased legal and professional fee expenses, other operating expenses declined as a percentage of total revenues each year from 2003 to 2005, 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 increase during the same period.

Amortization

Amortization expense increased $11.1 million, or 50.1% in 2005, increased $4.7 million, or 26.8% in 2004, and increased $3.4 million, or 24.4% in 2003. As part of our annual impairment assessment as of November 30, 2004, management determined that the maximum amortization period for the intangible asset, purchased customer accounts, should be reduced from 20 years to 15 years. A change in accounting estimate was recognized to reflect this decision, resulting in an increase in the 2005 and 2004 amortization expense of $6.4 million, and $0.5 million, a decrease in net income of $3.9 million and $0.3 million, and a decrease of $0.03 and nil ($0) earnings per share, respectively. The remaining increases in 2005 and 2004 were due to the amortization of additional intangible assets as a result of new acquisitions.

Depreciation

Depreciation increased 12.9% in 2005, 8.6% in 2004 and 13.2% in 2003. These increases were primarily due to the purchase of new computers, related equipment and software, and the depreciation associated with new acquisitions.

Interest Expense

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 38.3% in 2005, 37.7% in 2004 and 37.5% in 2003. The higher effective tax rate in 2005, compared with 2004 and 2003, 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, Brokerage and Service Divisions. On a divisional basis, increases in amortization, depreciation and interest expenses are the result of new acquisitions within that division in a particular year. Likewise, other income in each division primarily reflects net gains on sales of customer accounts and fixed assets. Additionally, increases in non-cash stock grant compensation is more dependent on increases in the Company’s 20 trading-day average stock price than on the divisional results. As such, in evaluating the operational efficiency of a division, management places greater emphasis on the net internal growth rate of core commissions and fees revenue, the gradual improvement of the ratio of employee compensation and benefits to total revenues, and the gradual improvement of the ratio of other operating expenses to total revenues.

Retail Division

The Retail Division provides a broad range of insurance products and services to commercial, 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 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 72.5% of our total consolidated commissions and fees revenue in 2003 but declined to 63.1% in 2005, mainly due to continued acquisitions in the National Programs and Brokerage Divisions.

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

	2005	Percent Change	2004	Percent Change	2003
REVENUES					
Commissions and fees	$ 461,236	6.8%	$ 431,767	16.4%	$ 371,004
Contingent commissions	28,330	8.3%	26,169	7.3%	24,381
Investment income	159	(72.0)%	567	930.9%	55
Other income, net	1,477	(48.1)%	2,845	(20.3)%	3,570
Total revenues	491,202	6.5%	461,348	15.6%	399,010
EXPENSES					
Employee compensation and benefits	233,124	3.4%	225,438	15.4%	195,323
Non-cash stock grant compensation	2,198	37.5%	1,599	(12.9)%	1,835
Other operating expenses	81,063	4.2%	77,780	15.3%	67,487
Amortization	19,368	26.5%	15,314	22.7%	12,476
Depreciation	5,641	(1.6)%	5,734	(0.6)%	5,771
Interest	20,927	(4.2)%	21,846	23.2%	17,732
Total expenses	362,321	4.2%	347,711	15.7%	300,624
Income before income taxes	$ 128,881	13.4%	$ 113,637	15.5%	$ 98,386
Net internal growth rate - core commissions and fees	0.6%		2.7%		4.0%
Employee compensation and benefits ratio	47.5%		48.9%		49.0%
Other operating expenses ratio	16.5%		16.9%		16.9%
Capital expenditures	$ 6,186		$ 5,568		$ 5,904
Total assets at December 31	$ 1,002,781		$ 843,823		$ 623,648

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 and 2003 was 2.7% and 4.0%, respectively. The decline in the net internal growth rate from core commissions and fees revenue from 2003 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.

The Retail Division's total revenues in 2004 increased $62.3 million to $461.3 million, a 15.6% increase over 2003. Of this increase, approximately $59.9 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2003. The remaining increase was primarily due to net new business growth. During 2004, we sold our four retail offices in North Dakota and other books of businesses in various offices. With respect to these assets sold during 2004, $6.7 million of core commissions and fees revenue were earned in 2003 for which there were no revenues recognized in the comparable 2004 period. Therefore, the Retail Division's net internal growth rate in core commissions and fees revenue was 2.7% in 2004, excluding revenues recognized in 2004 from new acquisitions and the 2003 core commissions and fees revenue from divested business.

Income before income taxes in 2004 increased $15.3 million to $113.6 million, a 15.5% increase over 2003. 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 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):

	2005	Percent Change	2004	Percent Change	2003
REVENUES					
Commissions and fees	$ 131,149	18.1%	$ 111,080	28.0%	$ 86,787
Contingent commissions	1,998	141.6%	827	(77.0)%	3,598
Investment income	367	164.0%	139	(2.8)%	143
Other income (loss), net	416	804.3%	46	(154.8)%	(84)
Total revenues	133,930	19.5%	112,092	23.9%	90,444
EXPENSES					
Employee compensation and benefits	54,238	19.8%	45,278	37.4%	32,951
Non-cash stock grant compensation	359	52.8%	235	36.6%	172
Other operating expenses	20,414	23.1%	16,581	26.5%	13,110
Amortization	8,103	37.8%	5,882	31.1%	4,488
Depreciation	1,998	26.2%	1,583	31.0%	1,208
Interest	10,433	21.3%	8,603	26.3%	6,810
Total expenses	95,545	22.2%	78,162	33.1%	58,739
Income before income taxes	$ 38,385	13.1%	$ 33,930	7.0%	$ 31,705
Net internal growth rate - core commissions and fees	3.9%		4.5%		11.2%
Employee compensation and benefits ratio	40.5%		40.4%		36.4%
Other operating expenses ratio	15.2%		14.8%		14.5%
Capital expenditures	$ 3,067		$ 2,693		$ 2,874
Total assets at December 31	$ 445,146		$ 359,551		$ 273,363

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 Florida Intracoastal Underwriters (FIU) profit center that occurred as a result of the 2005 and 2004 hurricane seasons.

Income before income taxes and minority interest 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.

Total revenues in 2004 increased $21.6 million to $112.1 million, a 23.9% increase over 2003. Of this increase, approximately $21.6 million related to core commissions and fees revenue from acquisitions for which there were no comparable revenues in 2003. During 2004, we discontinued several programs, including our professional medical program, which generated approximately $1.2 million in revenues in 2003 but for which there were no comparable revenues in 2004. Therefore, the National Program Division's net internal growth rate for core commissions and fees revenue in 2004 was 4.5%, excluding core commissions and fees revenue recognized in 2004 from new acquisitions and the 2003 core commissions and fees revenue from divested business. The net internal growth rate for core commissions and fees revenue for the National Programs Division in 2003 was 11.2%. The decline in the net internal growth rates from core commissions and fees revenue from 2003 to 2004 was primarily related to declining insurance premium rates in our condominium program with our FIU profit center.

Income before income taxes and minority interest in 2004 increased $2.2 million to $33.9 million, a 7.0% increase over 2003, of which the majority related to the revenues derived from acquisitions completed in 2004, but offset primarily by lower earnings at FIU. The ratio of employee compensation and benefits to total revenues and the ratio of other operating expenses to total revenue were higher in 2004 than 2003, primarily due to two reasons: (1) 2004 total revenues reflected $2.8 million less profit-sharing contingency commissions income than in 2003 due primarily to the impact of the 2004 hurricanes in Florida, and (2) the 2003 and 2004 acquisitions reporting in this Division accounted for 27% of the Division's total revenues, but operated at a lower aggregate operating profit margin of approximately 38.0%, thereby diluting the historical aggregate operating profit margin of this Division.

Brokerage Division

The 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 Brokerage Division's revenues are primarily commission-based.

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

	2005	Percent Change	2004	Percent Change	2003
REVENUES					
Commissions and fees	$ 120,889	218.7%	$ 37,929	39.5%	$ 27,183
Contingent commissions	4,648	27.1%	3,656	(19.7)%	4,555
Investment income	1,599	-	-	-	-
Other (loss) income, net	(23)	(227.8)%	18	800.0%	2
Total revenues	127,113	205.5%	41,603	31.1%	31,740
EXPENSES					
Employee compensation and benefits	59,432	200.4%	19,782	47.3%	13,426
Non-cash stock grant compensation	164	64.0%	100	(39.0)%	164
Other operating expenses	19,808	153.9%	7,800	38.9%	5,614
Amortization	5,672	649.3%	757	142.6%	312
Depreciation	1,285	153.0%	508	53.5%	331
Interest	12,446	843.6%	1,319	72.4%	765
Total expenses	98,807	226.5%	30,266	46.8%	20,612
Income before income taxes	$ 28,306	149.7%	$ 11,337	1.9%	$ 11,128
Net internal growth rate - core commissions and fees	24.9%		14.1%		19.7%
Employee compensation and benefits ratio	46.8%		47.5%		42.3%
Other operating expenses ratio	15.6%		18.7%		17.7%
Capital expenditures	$ 1,969		$ 694		$ 824
Total assets at December 31	$ 476,653		$ 128,699		$ 74,390

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 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 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 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 Brokerage Division's 2004 combined margins, and (2) during 2005, one of our largest brokerage profit center's branch improved their operating profit margins by over 9%.

Total revenues in 2004 increased $9.9 million to $41.6 million, a 31.1% increase over 2003. Of this increase, approximately $7.0 million related to core commissions and fees revenues from acquisitions for which there were no comparable revenues in 2003. The Brokerage Division's net internal growth rate for core commissions and fees revenues in 2004 was 14.1%, excluding core commissions and fees revenues recognized in 2004 from new acquisitions. The net internal growth rate for core commissions and fees revenues for the Brokerage Division in 2003 was 19.7%. The decline in the net internal growth rates from core commissions and fees revenues in 2004 from 2003 was primarily related to the decline in the net new business generated by our reinsurance brokerage unit and the gradual softening of insurance premium rates.

As a result of the Brokerage Division's net new business growth, income before income taxes in 2004 increased $0.2 million to $11.3 million, a 1.9% increase over 2003. The ratio of employee compensation and benefits to total revenues and the ratio of other operating expenses to total revenue were higher in 2004 than 2003, primarily due to two reasons: (1) 2004 total revenues reflected $0.9 million less profit-sharing contingency commissions than in 2003, and (2) during 2004, we started several new profit center branches and the start-up salaries and operational costs diluted the Division's normal operating profit margins.

Services Division

The Services Division provides insurance-related services, including third-party administration, consulting for the workers' compensation and employee benefit self-insurance markets, and managed healthcare services. Unlike our other segments, approximately 98.0% of the Services Division's 2005 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):

	2005	Percent Change	2004	Percent Change	2003
REVENUES					
Commissions and fees	$ 26,565	2.9%	$ 25,807	(7.6)%	$ 27,920
Contingent commissions	-	-	-	-	-
Investment income	-	-	-	-	-
Other income, net	952	(5.0)%	1,002	49.3%	671
Total revenues	27,517	2.6%	26,809	(6.2)%	28,591
EXPENSES					
Employee compensation and benefits	15,582	4.2%	14,961	(5.8)%	15,876
Non-cash stock grant compensation	122	13.0%	108	(32.9)%	161
Other operating expenses	4,339	(11.0)%	4,873	(23.9)%	6,407
Amortization	43	19.4%	36	(2.7)%	37
Depreciation	435	12.4%	387	(8.5)%	423
Interest	4	(94.2)%	69	(57.4)%	162
Total expenses	20,525	0.4%	20,434	(11.4)%	23,066
Income before income taxes	$ 6,992	9.7%	$ 6,375	15.4%	$ 5,525
Net internal growth rate - core commissions and fees	9.2%		16.6%		7.9%
Employee compensation and benefits ratio	56.6%		55.8%		55.5%
Other operating expenses ratio	15.8%		18.2%		22.4%
Capital expenditures	$ 350		$ 788		$ 234
Total assets at December 31	$ 18,766		$ 13,760		$ 13,267

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 entity third-party administration (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.

Total revenues in 2004 decreased $1.8 million to $26.8 million, a 6.2% decrease from 2003. Of this decrease, approximately $6.6 million related to core commissions and fees revenue from medical TPA business units sold in 2004 and 2003. These operations were sold because their respective operating profit margins were not expected to exceed the 10%-12% range, which were not acceptable returns to us in our culture. The Services Division's net internal growth rate for core commissions and fees revenue was 16.6% in 2004, excluding the 2003 core commissions and fees revenue from divested business. The net internal growth rate for core commissions and fees revenue for the Services Division in 2003 was 7.9%. The positive net internal growth rates from core commissions and fees revenue for 2003 and 2004 primarily reflect the strong net new business growth from our workers' compensation and public entity TPA businesses.

Income before income taxes in 2004 increased $0.9 million to $6.4 million, a 15.4% increase over 2003, primarily due to strong net new business growth and the elimination of the lower margin medical TPA businesses sold in 2003 and 2004.

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 2005 and 2004.

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
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
2004				
Total revenues	$ 165,565	$ 157,942	$ 160,381	$ 163,046
Income before income taxes	$ 59,360	$ 52,529	$ 48,256	$ 46,804
Net income	$ 36,348	$ 32,153	$ 30,086	$ 30,256
Net income per share:				
Basic	$ 0.26	$ 0.23	$ 0.22	$ 0.22
Diluted	$ 0.26	$ 0.23	$ 0.22	$ 0.22

LIQUIDITY AND CAPITAL RESOURCES

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 cash and cash equivalents of $56.9 million at December 31, 2003 reflected a decrease of $11.1 million from our December 31, 2002 balance of $68.0 million. During 2003, $142.7 million of cash was provided from operating activities. Also during the period, $100.3 million of cash was used for acquisitions, $15.9 million was used for additions to fixed assets, $28.0 million was used for payments on long-term debt and $16.6 million was used for payments of dividends.

Our ratio of current assets to current liabilities (the "current ratio") was 1.06 and 1.48 at December 31, 2005 and 2004, respectively.

As of December 31, 2005, 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	$ 269,792	$ 55,623	$ 13,806	$ 304	$ 200,059
Capital lease obligations	17	7	10	-	-
Other long-term liabilities	11,830	9,174	946	653	1,057
Operating leases	85,821	20,731	32,373	21,075	11,642
Interest obligations	85,709	13,129	23,775	23,326	25,479
Maximum future acquisition contingency payments	189,611	107,277	82,325	9	-
Total contractual cash obligations	$ 642,780	$ 205,941	$ 153,235	$ 45,367	$ 238,237

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, 2005, there was an outstanding balance of $200.0 million on the Notes.

In September 2003, we established an unsecured revolving credit facility with a national banking institution that provided for available borrowings of up to $75.0 million, with a maturity date of October 2008, bearing an interest rate based upon the 30-, 60- or 90-day LIBOR plus 0.625% to 1.625%, depending upon our quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization and non-cash stock grant compensation. A commitment fee of 0.175% to 0.375% per annum was assessed on the unused balance. The 90-day LIBOR was 4.53% as of December 31, 2005. There were no borrowings against this facility at December 31, 2005.

In January 2001, we entered into a $90.0 million, unsecured seven-year term loan agreement with a national banking institution. Borrowings under this facility bear interest based upon the 30-, 60- or 90-day LIBOR plus a credit risk spread ranging from 0.50% to 1.00%, depending upon our quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization and non-cash stock grant compensation. The 90-day LIBOR was 4.53% as of December 31, 2005. The loan was fully funded on January 3, 2001, and a balance of $25.7 million remained outstanding as of December 31, 2005. This loan is to be repaid in equal quarterly principal installments of $3.2 million through December 2007. Effective January 2, 2002, we entered into an interest rate swap agreement with a national banking institution to lock in an effective fixed interest rate of 4.53% for the remaining six years of the term loan, excluding our credit risk spread of between 0.50% and 1.00%.

In 1991, we entered into a long-term unsecured credit agreement with a major insurance company that provided for borrowings at an interest rate equal to the prime rate (9.25% at December 31, 2002) plus 1.00%. In accordance with an August 1, 1998 amendment to this credit agreement, the outstanding balance was repaid in August 2003, thus ending the credit agreement.

All of our credit agreements require us to maintain certain financial ratios and comply with certain other covenants. We were in compliance with all such covenants as of December 31, 2005 and 2004.

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 unsecured revolving credit facility described above, will be sufficient to satisfy our normal liquidity needs through at least the end of 2006. 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, 2005, 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, 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 certificates of deposit at December 31, 2005 and 2004 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. However, we have no current intentions to add to or dispose of any of the 559,970 common stock shares of Rock-Tenn Company, a publicly-held New York Stock Exchange listed company, which we have owned for more than 10 years. The investment in Rock-Tenn Company accounted for 68% of the total value of available-for-sale marketable equity securities, non-marketable equity securities and certificates of deposit as of December 31, 2005 and 2004, respectively. Rock-Tenn Company's closing stock price at December 31, 2005 and 2004 was $13.65 and $15.16 respectively. Our exposure to equity price risk is primarily related to the Rock-Tenn Company investment. As of December 31, 2005, the value of the Rock-Tenn Company investment was $7,644,000.

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 a London Interbank Offering Rate (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, 2005, 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	$25,714	$58	4.53%	3.78%

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,* 2005	2004	2003
REVENUES			
Commissions and fees	$ 775,543	$ 638,267	$ 545,287
Investment income	6,578	2,715	1,428
Other income, net	3,686	5,952	4,325
Total revenues	785,807	646,934	551,040
EXPENSES			
Employee compensation and benefits	374,943	314,221	268,372
Non-cash stock grant compensation	3,337	2,625	2,272
Other operating expenses	105,622	84,927	74,617
Amortization	33,245	22,146	17,470
Depreciation	10,061	8,910	8,203
Interest	14,469	7,156	3,624
Total expenses	541,677	439,985	374,558
Income before income taxes	244,130	206,949	176,482
Income taxes	93,579	78,106	66,160
Net income	$ 150,551	$ 128,843	$ 110,322
Net income per share:			
Basic	$ 1.09	$ 0.93	$ 0.81
Diluted	$ 1.08	$ 0.93	$ 0.80
Weighted average number of shares outstanding:			
Basic	138,563	137,818	136,654
Diluted	139,776	138,888	137,794
Dividends declared per share	$ 0.17	$ 0.1450	$ 0.1213

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED
BALANCE SHEETS

(in thousands, except per share data)	*At December 31,* 2005	2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 100,580	$ 188,106
Restricted cash and investments	229,872	147,483
Short-term investments	2,748	3,163
Premiums, commissions and fees receivable	257,930	172,395
Other current assets	28,637	28,819
Total current assets	619,767	539,966
Fixed assets, net	39,398	33,438
Goodwill	549,040	360,843
Amortizable intangible assets, net	377,907	293,009
Investments	8,421	9,328
Other assets	14,127	12,933
Total assets	$ 1,608,660	$ 1,249,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 397,466	$ 242,414
Premium deposits and credits due customers	34,027	32,273
Accounts payable	21,161	16,257
Accrued expenses	74,534	58,031
Current portion of long-term debt	55,630	16,135
Total current liabilities	582,818	365,110
Long-term debt	214,179	227,063
Deferred income taxes, net	35,489	24,859
Other liabilities	11,830	8,160
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued and outstanding 139,383 at 2005 and 138,318 at 2004	13,938	13,832
Additional paid-in capital	193,313	180,364
Retained earnings	552,647	425,662
Accumulated other comprehensive income, net of related income tax effect of $2,606 at 2005 and $2,617 at 2004	4,446	4,467
Total shareholders' equity	764,344	624,325
Total liabilities and shareholders' equity	$ 1,608,660	$ 1,249,517

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, 2003	136,356	$13,636	$152,746	$223,102	$2,106	$391,590
Net income				110,322		110,322
Net unrealized holding gains on available-for-sale securities					1,395	1,395
Net gain on cash-flow hedging derivative					726	726
Comprehensive income						112,443
Common stock purchased for employee stock benefit plans	(162)	(16)	(2,318)			(2,334)
Common stock issued for employee stock benefit plans	920	92	9,203			9,295
Income tax benefit from exercise of stock options			3,530			3,530
Common stock issued to directors	8		113			113
Cash dividends paid ($0.1213 per share)				(16,602)		(16,602)
Balance at December 31, 2003	**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**

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF
CASH FLOWS

(in thousands)	*Year Ended December 31,* 2005	2004	2003
Cash flows from operating activities:			
Net income	$ 150,551	$ 128,843	$ 110,322
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	33,245	22,146	17,470
Depreciation	10,061	8,910	8,203
Non-cash stock grant compensation	3,337	2,625	2,272
Deferred income taxes	10,642	8,840	8,370
Income tax benefit from exercise of stock options	-	234	3,530
Net gain on sales of investments, fixed assets and customer accounts	(2,478)	(5,999)	(3,836)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Restricted cash and investments (increase)	(82,389)	(30,940)	(13,550)
Premiums, commissions and fees receivable (increase)	(84,058)	(22,907)	(2,553)
Other assets decrease (increase)	1,072	(3,953)	(4,605)
Premiums payable to insurance companies increase	153,032	41,473	7,946
Premium deposits and credits due customers increase	1,754	9,997	5,500
Accounts payable increase (decrease)	4,377	3,608	(1,732)
Accrued expenses increase	14,854	7,140	5,551
Other liabilities increase (decrease)	1,088	186	(163)
Net cash provided by operating activities	215,088	170,203	142,725
Cash flows from investing activities:			
Additions to fixed assets	(13,426)	(10,152)	(15,946)
Payments for businesses acquired, net of cash acquired	(262,181)	(202,664)	(100,270)
Proceeds from sales of fixed assets and customer accounts	2,362	6,330	4,975
Purchases of investments	(299)	(3,142)	-
Proceeds from sales of investments	896	1,107	106
Net cash used in investing activities	(272,648)	(208,521)	(111,135)
Cash flows from financing activities:			
Proceeds from long-term debt	-	200,000	-
Payments on long-term debt	(16,117)	(18,606)	(28,024)
Borrowings on revolving credit facility	50,000	50,000	-
Payments on revolving credit facility	(50,000)	(50,000)	-
Issuances of common stock for employee stock benefit plans	9,717	8,107	7,136
Purchase of common stock for employee stock benefit plan	-	-	(2,334)
Cash dividends paid	(23,566)	(20,003)	(16,602)
Cash distribution to minority interest shareholders	-	-	(2,890)
Net cash (used in) provided by financing activities	(29,966)	169,498	(42,714)
Net (decrease) increase in cash and cash equivalents	**(87,526)**	**131,180**	**(11,124)**
Cash and cash equivalents at beginning of year	188,106	56,926	68,050
Cash and cash equivalents at end of year	$ 100,580	$ 188,106	$ 56,926

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, 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 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 administration, consulting for the workers' compensation and employee benefit self-insurance markets, and managed healthcare 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. Any outside or third-party interests in Brown & Brown's net income and net assets are reflected as minority interest in the accompanying Consolidated Financial Statements.

Revenue Recognition

Commission revenue is recognized as of the effective date of the insurance policy or the date 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 $5,019,000 and $3,771,000 at December 31, 2005 and 2004, 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, commercial paper and debt securities held for a short term, and reports such amounts as restricted cash on the Consolidated Balance Sheets. Debt securities held for a short term consisted of nil ($0) and $62,675,000 of "Auction Rate Securities" ("ARS") as of December 31, 2005 and 2004, respectively. 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 debt securities held by Brown & Brown consist of ARS. These ARS are purchased for their investment yields for short periods of time, generally 15 to 35 days, between specified "auction dates." However, since these securities have underlying stated maturity dates of 20 to 30 years, they are classified as "trading" and are reported at their fair value. These ARS are purchased for their short-term interest earnings, and there is generally no gain or loss on the sale or "maturity" of these trading securities.

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, 2005 and 2004, 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. Brown & Brown has no current intention of adding to or selling these shares.

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 $4,410,000 at December 31, 2005 and $4,922,000 at December 31, 2004, net of deferred income taxes of $2,584,000 and $2,884,000, 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

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" (SFAS No. 141), which requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS No. 141 also includes guidance on the initial recognition and measurement of goodwill and other intangible assets arising from such business combinations. 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.

Effective January 1, 2002, Brown & Brown adopted SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), which provides for the non-amortization of goodwill. Goodwill 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. SFAS No. 142 requires Brown & Brown to compare 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, earnings before interest, income taxes, depreciation and amortization (EBITDA) and pre-tax income. Brown & Brown completed its most recent annual assessment as of November 30, 2005 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.

As part of Brown & Brown's annual impairment assessment completed as of November 30, 2004, management determined that the maximum amortization period for the intangible asset, purchased customer accounts, should be reduced from 20 years to 15 years. A change in accounting estimate was recognized to reflect this decision resulting in an increase in the 2005 and 2004 amortization expense of $6.4 million and $0.5 million, a corresponding decrease in net income of $3.9 million and $0.3 million, and $0.03 and nil ($0) impact on earnings per share, respectively.

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 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, 2005, 2004 and 2003.

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 FASB issued 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.

Stock-Based Compensation and Incentive Plans

Brown & Brown has elected to account for its stock-based compensation and incentive plans under the intrinsic value-based method, with pro forma disclosures of net earnings and earnings per share as if the fair value-based method of accounting defined in SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), had been applied. Under the intrinsic value-based method, compensation cost is the excess, if any, of the quoted market price of the stock at the grant date or other measurement date over the amount an employee must pay to acquire the stock. Under the fair value-based method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. In December 2002, Brown & Brown adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which requires presentation of pro forma net income and earnings per share information under SFAS No. 123.

Pursuant to the above disclosure requirements, the following table provides an expanded reconciliation for all periods presented that adds back to reported net income the recorded expense under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," net of related income tax effects, deducts the total fair value expense under SFAS No. 123, net of related income tax effects, and shows the reported and pro forma earnings per share amounts:

(in thousands, except per share data)	*Year Ended December 31,*		
	2005	2004	2003
Net income as reported	$ 150,551	$ 128,843	$ 110,322
Total stock-based employee compensation cost included in the determination of net income, net of related income tax effects	2,061	1,638	1,412
Total stock-based employee compensation cost determined under fair value method for all awards, net of related income tax effects	(5,069)	(3,436)	(2,868)
Pro forma net income	$ 147,543	$ 127,045	$ 108,866
Earnings per share:			
Basic, as reported	$ 1.09	$ 0.93	$ 0.81
Basic, pro forma	$ 1.06	$ 0.92	$ 0.80
Diluted, as reported	$ 1.08	$ 0.93	$ 0.80
Diluted, pro forma	$ 1.06	$ 0.91	$ 0.79

Income Taxes

Brown & Brown records income tax expense using the asset and liability method of accounting for deferred income taxes. Under such 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 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:

(in thousands, except per share data)	*Year Ended December 31,*		
	2005	2004	2003
Net income	$ 150,551	$ 128,843	$ 110,322
Weighted average number of common shares outstanding	138,563	137,818	136,654
Dilutive effect of stock options using the treasury stock method	1,213	1,070	1,140
Weighted average number of shares outstanding	139,776	138,888	137,794
Net income per share:			
Basic	$ 1.09	$ 0.93	$ 0.81
Diluted	$ 1.08	$ 0.93	$ 0.80

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, investments, premiums, commissions and fees receivable, premiums payable to insurance companies, premium deposits and credits due customers and accounts payable, at December 31, 2005 and 2004, 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, 2005 and 2004 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, 2005 and 2004.

New Accounting Pronouncement

In December 2004, the FASB issued revised SFAS No. 123, "Share-Based Payment," which replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." This revised statement, which requires that the cost of all share-based payment transactions be recognized in the financial statements, establishes fair value as the measurement objective and requires entities to apply a fair value-based measurement method in accounting for share-based payment transactions. The revised statement applies to all awards granted, modified, repurchased or cancelled after July 1, 2005.

Revised SFAS No. 123 permits public companies to account for the adoption of this revised standard using one of two methods: the modified-prospective method or the modified-retrospective method. The modified-prospective method requires a company to recognize compensation cost based upon fair value for only those share-based awards granted or modified with an effective date subsequent to the company's date of adoption and share-based awards issued in prior periods that remain unvested at the date of adoption. The modified-retrospective method allows a company to restate, based upon pro forma amounts previously disclosed under the requirements of Revised SFAS No. 123, for either all prior periods presented or prior interim periods included in the year of adoption.

Effective January 1, 2006, the company adopted Revised SFAS No. 123 and accounted for the adoption using the modified-prospective method. For fair value purposes, the company will use a Black-Scholes option-pricing model to estimate the fair value of stock option awards.

Brown & Brown's assessment of the estimated future compensation expense is affected by the stock price as well as assumptions regarding a number of complex variables and the related tax impact. Although the adoption of Revised SFAS No. 123 is not expected to have a material effect on Brown & Brown's results of operations, future changes to various assumptions used to determine the fair-value of awards issued or the amount and type of equity awards granted create uncertainty as to whether future compensation expense will be similar to the historical SFAS No. 123 pro forma expense.

NOTE 2 • Business Combinations

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.	Brokerage	January 1	10,215	-	10,215
Hull & Company, Inc., et al.	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 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 related to acquisitions totaled $189,611,000.

Acquisitions in 2004

During 2004, Brown & Brown 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 $199,281,000 including $190,544,000 of net cash payments, the issuance of $1,430,000 in notes payable and the assumption of $7,307,000 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 operating profit 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 Acquisition	Business Segment	2004 Date of Acquisition	Net Cash Paid	Notes Payable	Recorded Purchase Price
Doyle Consulting Group, Inc., et al.	Retail	February 1	$ 10,707	$ -	$ 10,707
Statfeld Vantage Insurance Group, LLC et al.	Retail	March 1	26,619	-	26,619
Waldor Agency, Inc.	Retail	March 1	30,412	-	30,412
Proctor Financial, Inc.	National Programs	May 1	31,060	-	31,060
The McDuffee Insurance Agency, Inc.	Retail	July 1	19,020	-	19,020
International E&S Insurance Brokers, Inc., et al.	Brokerage	September 1	18,387	-	18,387
Others	Various	Various	54,339	1,430	55,769
Total			$ 190,544	$ 1,430	$ 191,974

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

(in thousands)	Doyle	Statfeld	Waldor	Proctor	McDuffee	Int'l. E&S	Others	Total
Other current assets	$ 568	$ 876	$ -	$ 786	$ 424	$ -	$ 1,589	$ 4,243
Fixed assets	100	50	50	200	100	23	451	974
Purchases customer accounts	4,451	8,384	10,807	16,013	6,876	11,123	27,244	84,898
Noncompete agreements	151	11	31	-	11	92	477	773
Goodwill	5,494	17,495	19,524	16,935	11,655	7,271	30,019	108,393
Total assets acquired	10,764	26,816	30,412	33,934	19,066	18,509	59,780	199,281
Other current liabilities	(57)	(197)	-	(2,874)	(46)	(122)	(3,105)	(6,401)
Deferred taxes	-	-	-	-	-	-	(906)	(906)
Total liabilities assumed	(57)	(197)	-	(2,874)	(46)	(122)	(4,011)	(7,307)
Net assets acquired	$ 10,707	$ 26,619	$ 30,412	$ 31,060	$ 19,020	$ 18,387	$ 55,769	$ 191,974

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts, 14.8 years; and noncompete agreements, five years.

Goodwill of $108,393,000 was assigned to the Retail, National Programs and Brokerage Divisions in the amounts of $80,793,000, $20,329,000 and $7,271,000, respectively. Of that total amount, $105,024,000 is expected to be deductible for income tax purposes.

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 in 2004 as a result of these adjustments totaled $17,349,000, of which $17,168,000 was allocated to goodwill. Of the $17,349,000 net additional consideration paid, $12,120,000 was paid in cash, $6,244,000 was issued in common stock, and $1,015,000 was taken back as a forgiveness of a note payable obligation. As of December 31, 2004, the maximum future contingency payments related to acquisitions totaled $107,137,000.

NOTE 3 • Goodwill

Effective January 1, 2002, Brown & Brown adopted SFAS No. 142, which provides for the non-amortization of goodwill. Goodwill is now subject to at least an annual assessment for impairment by applying a fair value-based test. Brown & Brown completed its most recent annual assessment as of November 30, 2005 and identified no impairment as a result of the evaluation.

The changes in goodwill, net of accumulated amortization, for the years ended December 31, are as follows:

(in thousands)	Retail	National Programs	Brokerage	Service	Total
Balance as of January 1, 2004	$ 168,135	$ 60,694	$ 8,868	$ 56	$ 237,753
Goodwill of acquired businesses	93,626	24,043	7,892	-	125,561
Goodwill disposed of relating to sales of businesses	(2,471)	-	-	-	(2,471)
Balance as of December 31, 2004	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

NOTE 4 • Amortizable Intangible Assets

Amortizable intangible assets at December 31 consisted of the following:

	2005				2004			
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)
Purchased customer accounts	$ 498,580	$ (126,161)	$ 372,419	14.9	$ 381,744	$ (96,342)	$ 285,402	14.8
Noncompete agreements	34,154	(28,666)	5,488	7.0	32,996	(25,389)	7,607	7.1
Total	$ 532,734	$ 154,827	$ 377,907		$ 414,740	$ (121,731)	$ 293,009	

Amortization expense recorded for other amortizable intangible assets for the years ended December 31, 2005, 2004 and 2003 was $33,245,000, $22,146,000 and $17,470,000, respectively.

Amortization expense for other amortizable intangible assets for the years ending December 31, 2006, 2007, 2008, 2009 and 2010 is estimated to be $34,398,000, $33,783,000, $32,897,000, $32,431,000, and $31,797,000 respectively.

NOTE 5 • Investments

Investments at December 31 consisted of the following:

	2005		2004	
	Carrying Value		Carrying Value	
(in thousands)	Current	Non-Current	Current	Non-Current
Available-for-sale marketable equity securities	$ 216	$ 7,644	$ 204	$ 8,489
Non-marketable equity securities and certificates of deposit	2,532	777	2,959	839
Total investments	$ 2,748	$ 8,421	$ 3,163	$ 9,328

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:				
2005	$ 550	$ 7,312	$ (2)	$ 7,860
2004	$ 549	$ 8,147	$ (3)	$ 8,693

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
2005	$ 896	$ 87	$ -
2004	$ 1,107	$ 526	$ (118)
2003	$ 106	$ -	$ -

NOTE 6 • Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2005	2004
Furniture, fixtures and equipment	$ 83,275	$ 74,358
Leasehold improvements	6,993	5,222
Land, buildings and improvements	487	655
	90,755	80,235
Less accumulated depreciation and amortization	(51,357)	(46,797)
Total	$ 39,398	$ 33,438

Depreciation and amortization expense amounted to $10,061,000 in 2005, $8,910,000 in 2004 and $8,203,000 in 2003.

NOTE 7 • Accrued Expenses

Accrued expenses at December 31 consisted of the following:

(in thousands)	2005	2004
Accrued bonuses	$ 35,613	$ 25,314
Accrued compensation and benefits	15,179	12,596
Accrued rent and vendor expenses	6,504	4,195
Accrued interest	5,302	4,560
Reserve for policy cancellations	5,019	3,771
Other	6,917	7,595
Total	$ 74,534	$ 58,031

NOTE 8 • Long-Term Debt

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

(in thousands)	2005	2004
Unsecured Senior Notes	$ 200,000	$ 200,000
Acquisition notes payable	43,889	4,385
Term loan agreements	25,714	38,571
Revolving credit facility	-	-
Other notes payable	206	242
	269,809	243,198
Less current portion	(55,630)	(16,135)
Long-term debt	$ 214,179	$ 227,063

In July 2004, Brown & Brown 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, 2005 and 2004 there was an outstanding balance of $200.0 million on the Notes.

In September 2003, Brown & Brown established an unsecured revolving credit facility with a national banking institution that provided for available borrowings of up to $75.0 million, with a maturity date of October 2008, bearing an interest rate based upon the 30-, 60- or 90-day LIBOR plus 0.625% to 1.625%, depending upon the Company's quarterly ratio of funded debt to earnings before interest, taxes, depreciation, amortization and non-cash stock grant compensation. A commitment fee of 0.175% to 0.375% per annum is assessed on the unused balance. The 90-day LIBOR was 4.53% and 2.56% as of December 31, 2005 and 2004, respectively. There were no borrowings against this facility at December 31, 2005 or 2004.

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 4.53% and 2.56% as of December 31, 2005 and 2004, respectively. The loan was fully funded on January 3, 2001 and as of December 31, 2005 had an outstanding balance of $25,714,000. This loan is to be repaid in equal quarterly installments of $3,200,000 through December 2007.

All three of these credit agreements require Brown & Brown to maintain certain financial ratios and comply with certain other covenants. Brown & Brown was in compliance with all such covenants as of December 31, 2005 and 2004.

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 $36,000, net of related income taxes of approximately $22,000, was recorded in other assets as of December 31, 2005, and $455,000, net of related income taxes of approximately $267,000, was recorded in other liabilities as of December 31, 2004; 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 February 2014, including interest in the range from 3.0% to 8.05%.

Interest paid in 2005, 2004 and 2003 was $13,726,000, $2,773,000 and $3,646,000, respectively.

At December 31, 2005, maturities of long-term debt were $55,630,000 in 2006, $13,677,000 in 2007, $139,000 in 2008, $147,000 in 2009, $157,000 in 2010 and $200,059,000 in 2011 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)	2005	2004	2003
Current:			
Federal	$ 72,550	$ 59,478	$ 51,954
State	10,387	9,788	5,836
Total current provision	82,937	69,266	57,790
Deferred:			
Federal	8,547	6,967	8,691
State	2,095	1,873	(321)
Total deferred provision	10,642	8,840	8,370
Total tax provision	$ 93,579	$ 78,106	$ 66,160

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:

	2005	2004	2003
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.3	3.7	2.8
State income tax credits	-	(0.5)	(0.6)
Interest exempt from taxation and dividend exclusion	(0.2)	(0.2)	(0.1)
Other, net	0.2	(0.3)	0.4
Effective tax rate	38.3%	37.7%	37.5%

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)	2005	2004
Deferred tax liabilities:		
Fixed assets	$ 3,454	$ 4,416
Net unrealized holding gain of available-for-sale securities	2,584	2,884
Prepaid insurance and pension	2,219	2,107
Net gain on cash-flow hedging derivative	22	-
Intangible assets	37,379	24,609
Total deferred tax liabilities	45,658	34,016
Deferred tax assets:		
Deferred compensation	4,984	4,257
Accruals and reserves	4,973	4,470
Net operating loss carryforwards	537	485
Net loss on cash-flow hedging derivative	-	266
Other	-	(89)
Valuation allowance for deferred tax assets	(325)	(232)
Total deferred tax assets	10,169	9,157
Net deferred tax liability	$ 35,489	$ 24,859

Income taxes paid in 2005, 2004 and 2003 were $77,143,000, $72,904,000, and $60,818,000, respectively.

At December 31, 2005, Brown & Brown had a net operating loss carryforward of $8,551,000 for income tax reporting purposes, portions of which expire in the years 2012 through 2023. This carryforward was derived from insurance operations acquired by Brown & Brown in 2001 and 1998, and the operating results of certain profit centers for state income tax purposes.

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 $7,762,000 in 2005, $6,569,000 in 2004 and $6,398,000 in 2003.

NOTE 11 • Stock-Based Compensation and Incentive Plans

Stock Performance Plan

Brown & Brown has adopted and the shareholders have approved a stock performance 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, 2005, 6,349,298 shares had been granted under the plan at initial stock prices ranging from $1.90 to $25.68. As of December 31, 2005, 5,125,304 shares had met the first condition for vesting and had been awarded, and 497,616 shares had satisfied both conditions for vesting and had been distributed to the participants.

The compensation expense for the Performance Stock is equal to the fair market value of the shares at the date the first vesting condition is satisfied and is expensed over the remainder of the estimated vesting period. Compensation expense related to this Plan totaled $3,337,000 in 2005, $2,625,000 in 2004 and $2,272,000 in 2003.

Employee Stock Purchase Plan

Brown & Brown has adopted and the shareholders have approved an employee stock purchase plan (ESPP), which allows for substantially all employees to subscribe to purchase shares of Brown & Brown's stock at 85% of the lesser of the market value of such shares at the beginning or end of each annual subscription period. Eligible employees may contribute up to 10% of their annual compensation, up to a maximum of $25,000, towards the purchase of Brown & Brown common stock. Brown & Brown issued 521,948 and 546,344 shares of common stock under the ESPP in August 2005 and 2004, respectively. These shares were issued at an aggregate purchase price of $9,208,000 or $17.64 per share in 2005, and of $7,256,000 or $13.28 per share in 2004. Of the 12,000,000 shares of common stock authorized for issuance under the ESPP as of December 31, 2005, 5,598,784 shares remained available and reserved for future issuance. As described in Note 1, under the APB No. 25, there has been no expense relating to the common stock issued under the ESPP.

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 days' 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 on achievement of certain performance goals. All of the options expire 10 years after the grant date.

On October 31, 2001, an additional 10,000 option shares were granted at the most recent trading day's closing market price of $14.20. These option shares vest in 2,000-share increments through 2006, if certain performance goals are met. The option shares are expensed at the price differential of the closing market price at the date of vesting and the option price, times the number of shares vesting. As of December 31, 2005 and 2004, 2,000 of these option shares became vested and were exercisable, and thus a corresponding $5,000 was expensed in each year.

Stock option activity under the plan was as follows:

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 2003	2,146,536	$ 4.88
Granted	1,080,004	$ 15.78
Exercised	(959,264)	$ 4.85
Forfeited	(40,000)	$ 4.84
Outstanding at December 31, 2003	2,227,276	$ 10.18
Granted	-	-
Exercised	(154,248)	$ 4.96
Forfeited	-	-
Outstanding at December 31, 2004	2,073,028	$ 10.56
Granted	12,000	$ 22.06
Exercised	(68,040)	$ 4.84
Forfeited	-	-
Outstanding at December 31, 2005	2,016,988	$ 10.83
Exercisable at December 31, 2005	783,672	$ 4.88
Exercisable at December 31, 2004	698,312	$ 4.86
Exercisable at December 31, 2003	635,840	$ 4.86

The following table summarizes information about stock options outstanding at December 31, 2005:

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	918,984	4.3	$ 4.84	779,672	$ 4.84
$14.20	6,000	0.8	$ 14.20	4,000	$ 14.20
$15.78	1,080,004	7.2	$ 15.78	-	-
$22.06	12,000	2.0	$ 22.06	-	-
	2,016,988	5.9	$ 10.69	783,672	$ 4.88

There were 1,537,996 option shares available for future grant under this plan as of December 31, 2005 and 2004.

No compensation expense related to these options is recognized in operations for 2005, 2004 or 2003, except for the 10,000 option shares granted on October 31, 2001 as described above. As disclosed in Note 1, Brown & Brown accounts for its stock options using the intrinsic value method prescribed in APB No. 25. Brown & Brown also disclosed in Note 1 the effect on net income and net income per share if Brown & Brown had applied the fair value recognition provisions of revised SFAS No. 123 to its granted stock options.

The weighted average fair value of the incentive stock options granted during 2000 estimated on the date of grant, using the Black-Scholes option-pricing model, was $2.37 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 29.6%; risk-free interest rate of 6.3%; and an expected life of 10 years. The weighted average fair value of the incentive stock options granted during 2003 estimated on the date of grant, using the Black-Scholes option-pricing model, was $5.63 per share. The fair value of these options granted was estimated on the date of grant using the following assumptions: dividend yield of 0.63%; expected volatility of 37.0%; risk-free interest rate of 1.5%; and an expected life of six 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)	2005	2004	2003
Unrealized holding (loss) gain on available-for-sale securities, net of tax benefit of $300 for 2005; net of tax benefit of $530 for 2004; and net of tax effect of $857 for 2003	$ (512)	$ (649)	$ 1,395
Net gain on cash-flow hedging derivative, net of tax effect of $289 for 2005, net of tax effect of $557 for 2004; and net of tax effect of $445 for 2003	$ 491	$ 889	$ 726
Notes payable issued or assumed for purchased customer accounts	$ 42,843	$ 1,976	$ 3,323
Notes received on the sale of fixed assets and customer accounts	$ 1,855	$ 6,024	$ 4,584
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 on 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, 2005, the aggregate future minimum lease payments under all noncancelable lease agreements were as follows:

(in thousands)	
2006	$ 20,731
2007	17,217
2008	15,156
2009	12,156
2010	8,919
Thereafter	11,642
Total minimum future lease payments	$ 85,821

Rental expense in 2005, 2004 and 2003 for operating leases totaled $28,926,000, $24,595,000 and $21,844,000, respectively.

Antitrust Actions and Related Matters

As previously disclosed, 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 Regulatory Proceedings

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 continues to actively receive and respond 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), 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). None of these governmental agencies has charged or alleged any wrongdoing or violation of law by the Company. Agencies in Arizona 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.

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 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.

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 contingent commissions. Marsh & McLennan, Aon Corporation, Arthur J. Gallagher & Co., Hilb, Rogal & Hobbs Company ("HRH"), and Willis Group Holdings Ltd. have each entered into agreements with governmental agencies, which collectively involve payments by these intermediaries to agencies and to certain of their clients totaling nearly $1 billion. With the exception of the settlement entered into by HRH, which included an agreement that HRH would discontinue acceptance of certain types of contingency compensation, these agreements provided that these insurance intermediaries would discontinue acceptance of any contingency compensation.

On March 14, 2006, the Florida Attorney General and the Florida Department of Financial Services, which, as mentioned, have also been seeking information from the Company, filed a complaint against Marsh & McLennan on behalf of various Florida governmental entities, businesses and residents alleging that Marsh & McLennan violated Florida's RICO and antitrust laws. The complaint alleges that Marsh & McLennan conspired with various insurance companies to rig quotes for commercial insurance, manipulate the commercial insurance markets, inflate insurance premiums, and receive undisclosed, additional compensation, all of which are alleged to have caused damage to the State of Florida, governmental entities and Florida businesses and residents. While the above Florida governmental agencies have not made demands upon the Company, which is headquartered in Florida, or filed suit against it, there can be no assurance that their inquiries, or any of those of the other various governmental authorities referenced above, will not result in demands upon the Company or suits filed against it, or that any such demands or suits or any resolution thereof would 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 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, 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, 2005, approximately 8.0% and 5.4% of Brown & Brown's total revenues were derived from insurance policies underwritten by two separate insurance companies, respectively. Should these insurance companies seek to terminate its arrangement with Brown & Brown, Brown & Brown 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 2005 and 2004 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
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
2004				
Total revenues	$ 165,565	$ 157,942	$ 160,381	$ 163,046
Total expenses	$ 106,205	$ 105,413	$ 112,125	$ 116,242
Income before income taxes	$ 59,360	$ 52,529	$ 48,256	$ 46,804
Net income	$ 36,348	$ 32,153	$ 30,086	$ 30,256
Net income per share:				
Basic	$ 0.26	$ 0.23	$ 0.22	$ 0.22
Diluted	$ 0.26	$ 0.23	$ 0.22	$ 0.22

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

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, governmental entities, and market niches; the Services Division, which provides insurance-related services, including third-party administration, consulting for the workers' compensation and employee benefit self-insurance markets, and managed healthcare services; and the Brokerage Division, which markets and sells excess and surplus commercial and personal lines insurance, and reinsurance, primarily through independent agents and brokers. 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 and minority interest. 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, 2005					
(in thousands)	**Retail**	**National Programs**	**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**	**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

	Year Ended December 31, 2003					
(in thousands)	**Retail**	**National Programs**	**Brokerage**	**Services**	**Other**	**Total**
Total revenues	$ 399,010	$ 90,444	$ 31,740	$ 28,591	$ 1,255	$ 551,040
Investment income	55	143	-	-	1,230	1,428
Amortization	12,476	4,488	312	37	157	17,470
Depreciation	5,771	1,208	331	423	470	8,203
Interest expense	17,732	6,810	765	162	(21,845)	3,624
Income before income taxes	98,386	31,705	11,128	5,525	29,738	176,482
Total assets	623,648	273,363	74,390	13,267	(118,814)	865,854
Capital expenditures	5,904	2,874	824	234	6,110	15,946

NOTE 17• Subsequent Events

From January 1, 2006 through March 14, 2006, Brown & Brown acquired the assets and assumed certain liabilities of three insurance intermediaries. The aggregate purchase price of these acquisitions was $71,852,000, including $61,972,000 of net cash payments, the issuance of $82,000 in notes payable and the assumption of $9,798,000 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 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 and Effective Date of Acquisitions	Business Segment	2006 Date of Acquisition	Net Cash Paid	Notes Payable	Recorded Purchase Price
Axiom Intermediaries, LLC	Brokerage	January 1	$ 60,293	$ -	$ 60,293
Other	Various	Various	1,679	82	1,761
Total			$ 61,972	$ 82	$ 62,054

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**	**Other**	**Total**
Fiduciary Cash	$ 9,598	$ -	$ 9,598
Other current assets	372	-	372
Fixed assets	435	25	460
Purchased customer accounts	17,405	835	18,240
Noncompete agreements	31	43	74
Goodwill	42,177	858	43,035
Other assets	73	-	73
Total assets acquired	70,091	1,761	71,852
Other current liabilities	(9,798)	-	(9,798)
Total liabilities assumed	(9,798)	-	(9,798)
Net assets acquired	$ 60,293	$ 1,761	$ 62,054

Brown & Brown's 2005 Consolidated Statement of Income does not include any results of these operations since the acquisitions were not effective until January 1, 2006 or later. The following unaudited pro forma results of operations of Brown & Brown give effect to these acquisitions for the years ended December 31, as though the transactions had occurred on January 1, 2005.

(in thousands, except per share data)	*Year Ended December 31,* 2005
(Unaudited)	
Total revenues	$ 800,444
Income before income taxes	$ 248,070
Net income	$ 152,981
Net income per share:	
Basic	$ 1.10
Diluted	$ 1.09
Weighted average number of shares outstanding:	
Basic	138,563
Diluted	139,776

Additional consideration was also paid to sellers as a result of purchase price "earn-out" adjustments. The net additional consideration paid by Brown & Brown as a result of these adjustments for acquisitions consumated prior to December 31, 2005 totaled $6,861,000, all of which was paid in cash.

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, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2005. 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, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2005 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, 2005, 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 14, 2006 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 14, 2006

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 2005: American Specialty Companies, Inc. et al., Dana R. Hando (sole proprietor), ECC Insurance Brokers, LLC, Emerald Benefits, Inc., et al., Braishfield Associates, Inc., Hull & Company, Inc., et al., Nichols & Associates, Alliance Insurance Services, Weible & Cahill, LLC, Timothy R. Downey Insurance Inc, and de Arrieta Insurance Agency, Inc. et al. Collectively, these acquisitions represented 26.1% of total assets as of December 31, 2005, 11.2% of total revenue and 4.1% 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, 2005. Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 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 14, 2006

/s/ J. Hyatt Brown

J. Hyatt Brown
Chief Executive Officer

/s/ Cory T. Walker

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, 2005, 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 their assessment the internal control over financial reporting at American Specialty Companies, Inc., et al., Dana R. Hando (sole proprietor), ECC Insurance Brokers, LLC, Emerald Benefits, Inc., et al., Braishfield Associates, Inc., Hull & Company, Inc., et al., Nichols & Associates, Alliance Insurance Services, Weible & Cahill, LLC, Timothy R. Downey Insurance Inc., and de Arrieta Insurance Agency, Inc. et al. (collectively the "2005 Excluded Acquisitions"), which were acquired during 2005 and whose financial statements constitute 26.1% of total assets, 11.2% of revenues and 4.1% of net income of the related consolidated financial statement amounts as of and for the year ended December 31, 2005. Accordingly, our audit did not include the internal control over financial reporting at the 2005 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, 2005, 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, 2005, 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, 2005 of the Company and our report dated March 14, 2006, expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Jacksonville, Florida
March 14, 2006

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 2005.

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

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15 and 15d-15 under the Exchange Act ("Disclosure Controls"). 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, 2005 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, 2005. 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 and Executive Officers of the Registrant.***

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 Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held in 2006 (the 2006 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 is 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 2006 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 2006 Proxy Statement under the heading “Security Ownership of Management and Certain Beneficial Owners.”

ITEM 13. ***Certain Relationships and Related Transactions.***

The information required by this item is incorporated herein by reference to the 2006 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 2006 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).
4.1	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).
4.2	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).
4.3	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).
10.1(a)	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).
10.1(b)	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).
10.2(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.
10.2(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.
10.2(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.
10.3	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).
10.4	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).
10.5	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).
10.6	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).
10.7	Noncompetition, Nonsolicitation and Confidentiality Agreement, effective as of January 1, 2001 between the Registrant and John R. Riedman (incorporated by reference to Exhibit 10l to Form 10-K for the year ended December 31, 2000).
10.8(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).
10.8(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).

10.9	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).
10.10	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).
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 14, 2006

By: _____*_____
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 14, 2006
* Jim W. Henderson	President and Chief Operating Officer, Director	March 14, 2006
* Cory T. Walker	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 14, 2006
* Samuel P. Bell, III	Director	March 14, 2006
* Hugh M. Brown	Director	March 14, 2006
* Bradley Currey, Jr.	Director	March 14, 2006
* Theodore J. Hoepner	Director	March 14, 2006
* David H. Hughes	Director	March 14, 2006
* John R. Riedman	Director	March 14, 2006
* Jan E. Smith	Director	March 14, 2006
* Chilton D. Varner	Director	March 14, 2006

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

EXHIBIT INDEX

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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.

LETTER OF AGREEMENT

This agreement made this 26th day of June, 1995, by and between the Ridgewood Office Building, L. P., LTD., a Delaware Limited Partnership, ("Landlord"), and POE & BROWN, INC., a FLORIDA CORPORATION, ("Tenant").

WHEREAS, Landlord and Tenant entered into a Lease dated as of August 1, 1987, which sets forth the terms of occupancy by Tenant for a portion of the Poe & Brown Building ("Building") containing 38,738 square feet of Rentable Area. The commencement date of the Lease is August 15, 1987; and

WHEREAS, Tenant desires to lease additional space in the Building;

NOW, THEREFORE, in consideration of the mutual promises contained herein, Landlord and Tenant agree that:

1. Landlord shall lease to Tenant an additional portion of the Building containing 1,114 square feet of rentable space in Suite 320, as indicated in Exhibit "A". The effective date of the Tenant's occupancy and possession of the additional space will be July 1, 1995, and shall continue on a month-to-month basis or until the expiration date of the Lease, September 30, 2002.

2. The rental charge to the Tenant for the additional space described herein is $3.50 per square foot per year, or $3,899.00, plus 6% sales tax. In addition to the rental charge, Tenant agrees to pay Landlord as rent, Tenant's proportional share of the Building's operating costs as provided in Section 5.3 of the Lease. All costs to improve or remodel the additional space will be paid by the Tenant.

3. Tenant's occupancy and use of the additional space described herein shall be governed by the Lease dated August 1, 1987, and the rental charge will be adjusted subject to the same Adjustment Dates and the Base Index as stipulated in the Lease.

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

Signed, sealed and delivered in the presence of:

/s/ Mary King

By:_____

Title:_____

/s/ Lorie Strickland

By:_____

/s/ Sharon Korruso

Title:_____

POE & BROWN, INC.

By: /s/ Jim W. Henderson

Title: Exec. Vice President

Tenant

Ridgewood Office Building, Ltd.,
a Delaware Limited Partnership

By: Ridgewood, Inc., a Delaware Corporation,
its Corporate General Partner

/s/_____
William J. Voges, President

/s/_____
Mark O. Blanford, Secretary

Landlord

STATE OF FLORIDA
COUNTY OF VOLUSIA

FIRST AMENDMENT TO LEASE

This First Amendment to Lease is made and entered into by and between Ridgewood Office Building, L.P., Ltd., a Delaware limited partnership as landlord ("Landlord") and Brown & Brown, Inc., (also known as Poe & Brown, Inc.) a Florida corporation, as tenant ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/87, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease") and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area.

WHEREAS, the Landlord and Tenant desire to modify and amend the Lease and the Letter of Agreement, as set forth in this First Amendment to Lease and Addendums One, Two, Three, and Four.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 Dollars ($10.00) in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. A. As to Section 2. DEFINITIONS., the following subsections thereof are amended to read as follows:

2.a. Base Rent: $533,790.75 per year

2.d. Commencement Date: October 1, 1999

2.g. Expiration Date: September 30, 2009, unless otherwise sooner terminated in accordance with the provisions of this Lease.

2.i. Landlord's Mailing Address: P.O. Box 2860, Daytona Beach, FL 32120-2860
Tenant's Mailing Address: P.O. Box 2412, Daytona Beach, FL 32114-2412

2.j. Monthly installments of Base Rent: $44,482.58 per month commencing on October 1, 1999.

2.k. Parking: Tenant to have 56 reserved parking spaces - fifteen (15) on the south side of the building and forty-one (41) on the west side of the building.

2.1. Premises: that portion of the Building containing approximately 45,429 square feet of Rentable Area, as indicated on Exhibit "A".

2.m. Project: the building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 220 South Ridgewood Avenue, Daytona Beach, Florida. The Project is known as BROWN & BROWN BUILDING.

2.o. Security Deposit (Article 7): No deposit required.

2.q. Tenant's First Adjustment Date (Section 5.2): October 1, 2002.

2.r. Tenant's Proportionate Share: 72.74%. Such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

In addition, the following Definition is added:

2.u. Anniversary Date: The first day of October of each year. All other provisions of Section 2 remain as originally stated.

B. As to Section 3. EXHIBITS AND ADDENDA., said section is amended to read as follows:

The exhibits and addenda listed below and attached hereto are incorporated by reference in this First Amendment to Lease:

a. Exhibit “A” - Floor Plans showing the Premises.
b. Exhibit “B” - N/A
c. Exhibit “C” - N/A
d. Exhibit “D” - Rules and Regulations
e. Exhibit “E” - N/A
f. Addenda:

One - Additional Provisions

Two - Right of First Refusal to Lease Additional Space

Three - Option to Decrease Rentable Area in the Premises

Four - Rent Credits

C. As to Section 5. RENT., said section is amended to read as follows:

5.2(a). Adjusted Base Rent.

The amount of Base Rent (and the corresponding Monthly installments of Base Rent) payable hereunder shall be adjusted commencing on Tenant's First Adjustment Date of October 1, 2002 and each three-year period (10/1/05 and 10/1/08) after the Tenant’s first Adjustment Date. Adjustments, if any, shall be based upon increases (if any) in the Index. The Index in publication July 1, 1999 shall be the "Base Index." On each Adjustment Date, the Base Rent shall be increased by a percentage equal to the percentage increase, if any, in the Index in publication three (3) months before the Adjustment Date (the "Comparison Index") over the Base Index ("adjusted Base Rent"). In the event the Comparison Index is less than the prior Comparison Index (or Base Index, as the case may be), the Base Rent shall remain the amount of Base Rent payable during that preceding period. When the adjusted Base Rent payable as of each Adjustment Date is determined, Landlord shall give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The adjusted Base Rent shall thereafter be the "Base Rent" for all purposes under this Lease.

In addition, the following is added:

5.2(c). Notwithstanding anything contained in this Lease to the contrary, the increase in Base Rent on any Adjustment Date shall not exceed nine (9%) percent.

D. As to Section 9. SERVICES AND UTILITIES., the following is added:

Landlord has advised Tenant that presently Florida Power & Light (“Electric Service Provider”) is the utility company selected by Landlord to provide electricity service for the Center. Notwithstanding the foregoing, if permitted by Law, Landlord shall have the right at any time and from time to time during the Lease Term to either contract for service from a different company or companies providing electricity service (each such company shall hereinafter be referred to as an “Alternate Service Provider”) or continue to contract for service from the Electric Service Provider.

Landlord shall in no way be liable or responsible for any loss, damage, or expense that Tenant may sustain or incur by reason of any change, failure, interference, disruption, or defect in the supply or character of the electric energy furnished to the Premises, or if the quantity or character of the electric energy supplied by the Electric Service Provider or any Alternate Service Provider is no longer available or suitable for Tenant's requirements, and no such change, failure, defect, unavailability, or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under the Lease.

E. As to Section 19. DESTRUCTION OR DAMAGE., the following subsections are added:

f. Should the damage occur during the last two (2) years of the original term or any extended term and Tenant has an extension or renewal option, Tenant shall be obligated to exercise the renewal or extension option as a pre-condition to restoration of the Premises.

g. Tenant shall not occupy or use the Premises or any part thereof, nor permit or suffer the same to be occupied or used for any purposes other than as herein limited, nor for any purpose deemed unlawful, disreputable, or extra hazardous, on account of fire or other casualty. The Premises is a smoke free building. Tenant, its employees, contractors, agents, guests and invitees shall not smoke in any area of the Premises. Tenant is responsible to insure that no smoking takes place in the building. Landlord shall designate areas outside of the Premises for Tenant, its employees, agents, contractors, guests and invitees to smoke. Tenant acknowledges and agrees that the cost of repairs and replacement for smoke damage within the Premises is expensive and difficult. In addition to any other remedy or right under this Lease for a default, Landlord shall have the right to recover 100% of its costs for any repairs or replacement required because of smoke damage caused by Tenant in violation of this provision as smoke damage under this Lease is not considered to be ordinary wear and tear.

II. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

III. Landlord and Tenant hereby acknowledge that the Lease and this Amendment represent the entire agreement, that no other written or oral agreements exist and that all other provisions of the Lease not modified herein shall remain in full force and effect.

Agreed and accepted this 2nd day of August, 1999.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, L.P., LTD.,
a Delaware limited partnership

By: /s/
Phil Maroney, Vice President

Attest:

/s/ Caryl Taylor
WITNESS

TENANT:
BROWN & BROWN, Inc.
a Florida corporation

By: /s/ Jim. W. Henderson
Executive Vice President

/s/ Mary F. King
WITNESS

ADDENDUM NUMBER ONE TO LEASE

ADDITIONAL PROVISIONS

These provisions are attached to and made a part of that certain First Amendment to Lease dated as of , 1999, executed by and between Ridgewood Office Building, L.P., Ltd., ("Landlord"), and Brown & Brown, Inc. ("Tenant"). Any capitalized term not defined herein shall have the meaning assigned to it in the Lease.

Year 2000 Disclaimer. Landlord hereby disclaims any liability for any and all damages, injuries or other losses, whether ordinary, special, consequential, punitive or otherwise, arising out of , relating to or in connection with (a) the failure of any automated, computerized and/or software system or other technology used in, on or about the Property or relating to the management or operation of the Property to accurately receive, provide or process date/time data (including, but not limited to, calculating, comparing and sequencing) both before and after September 9, 1999 and before, after, during and between the years 1999 A.D. and 2000 A.D., and leap year calculations and or (b) the malfunction, creasing to function or providing of invalid or incorrect results by any such technology as a result of date/time data. The foregoing disclaimer shall apply to any such technology used in, on, or about the Property or that affects the Property, whether or not such technology is within the control of Owner or any of Owner's agents or representatives. THE FOREGOING DISCLAIMER INCLUDES A DISCLAIMER OF ALL WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO THE MATTERS DESCRIBED HEREIN, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Hazardous Wastes. Tenant shall not cause or permit the use, generation, storage or disposal in or about the demised premises of any substance, materials or wastes subject to regulation under any federal, state or local law from time to time in effect concerning hazardous, toxic or radioactive materials (hereinafter "Hazardous Materials") unless Tenant shall have received Landlord's prior written consent, which consent Landlord may withhold or at any time revoke at its sole discretion. If Tenant uses, generates, stores or disposes of any Hazardous Materials in or about the demised premises, Tenant shall obtain all necessary permits and comply with all statutes, regulations and rules applicable to such activity. Upon termination of this Lease, Tenant shall remove all Hazardous Materials, along with all storage and disposal facilities, from the demised premises, such removal to be in accordance with procedures approved by the proper governmental authority. Tenant shall indemnify and hold Landlord harmless from and against all liability, cost, claim, penalty, expense and fees (including court costs and attorneys' fees) arising from Tenant's use, generation, storage, or disposal of Hazardous Materials in or about the demised premises. This section shall survive the expiration or earlier termination of this Lease.

Compliance with Public Accommodation Laws. Tenant assumes all responsibility for compliance of the Premises with any and all applicable laws, regulations and building codes governing non-discrimination and public accommodations and commercial facilities ("Public Accommodation Laws"), including without limitation, the requirements of the American Disabilities Act, 42 U.S.C. 12-101 and all regulations and promulgations thereunder. Tenant shall complete any and all alterations, modifications or improvements to the Premises necessary in order to comply with all Public Accommodation Laws during the term of this Lease whether such improvements or modifications are the legal responsibility of Landlord, Tenant, or a third party. Tenant agrees to indemnify, defend and hold harmless Landlord from and against any and all claims, liabilities, fines, penalties, losses and expenses (including attorney's fees) arising in connection with Tenant's failure to comply with the provisions of this Section.

The Landlord shall be responsible for all aspects of the building and adjoining property to comply with the provisions of the American's With Disabilities Act, as same may be amended from time to time, with the exception of the interior space (including Tenant's private exterior entrance) for which Tenant assumes the responsibility for such compliance. Each party agrees to indemnify and hold the other harmless from and against any loss, costs, damages, expenses or liabilities, including reasonable attorney's fees, arising out of or in connection with the failure of such party to fulfill such obligation.

ADDENDUM NUMBER TWO TO LEASE

RIGHT OF FIRST REFUSAL TO LEASE ADDITIONAL SPACE

Beginning from the commencement date of this Lease, such date being October 1, 1999, and provided Tenant is not in default under the terms of this Lease, Landlord grants to Tenant a Right of First Refusal to lease additional space that comes available in the Building on the same terms and conditions of this Lease, as Amended under the First Amendment to Lease. In the event Landlord receives a bona fide offer to rent space in the Building to any parties other than the Tenant, the Landlord shall give Tenant written notice of same. Tenant shall have fifteen (15) business days following receipt of such notice to notify Landlord as to whether Tenant desires to lease said space. The leasing of said additional space shall be under the same terms and conditions as the Lease and, if Tenant does exercise a Right of First Refusal to lease additional space hereunder, the parties shall amend this Lease to incorporate the additional space and proportionately increase Tenant's Base Rent.

This Right of First Refusal excludes any Renewal Options in an existing executed Lease with any other Tenant(s) in the Building.

This Right of First Refusal shall not, however, obligate Landlord to reserve or hold any space for Tenant. Landlord reserves the right to establish the minimum quantity and location of any additional space that may be added at any one time pursuant to this provision.

In the event Tenant shall fail to give notice of its intent to lease said additional space within fifteen (15) days, such Right of First Refusal shall thereafter be and become null and void and of no further force and effect.

ADDENDUM NUMBER THREE TO LEASE

OPTION TO DECREASE RENTABLE AREA IN THE PREMISES

Beginning with Year 4 of this Lease, such date being October 1, 2002, and annually each year thereafter on the Anniversary Date, and provided Tenant is not in default under any terms of this Lease, Tenant shall have the option to decrease the Rentable Area of the Premises by an amount not to exceed 11,369 square feet. It is understood and agreed that all annual decreases in the Rentable Area of the Premises shall be cumulative and shall not exceed 11,369 square feet in the aggregate and that at no time shall the Premises Landlord leases to Tenant and Tenant leases from Landlord contain less than 34,060 square feet of Rentable Area during the period beginning on October 1, 2002, and ending on the Expiration Date, September 30, 2009.

Tenant's monthly installment of Base Rent and Proportionate Share of Project Operating costs shall be proportionally adjusted on October 1, 2002, and each Anniversary date thereafter, to reflect the square feet of Rentable Area then contained in the Premises.

Tenant shall give Landlord written notice of its election to exercise its option to decrease its Rentable Area of the Premises at least twelve (12) months prior to October 1, 2002 and twelve (12) months prior to each Anniversary Date thereafter. In the event that Tenant shall fail to give Landlord timely written notice of its election to exercise its option to decrease, such option shall be null and void until the next succeeding Anniversary Date.

ADDENDUM NUMBER FOUR TO LEASE

RENT CREDITS

One Time Rent Credit:
Provided Tenant is not in default under any terms of this Lease, Landlord shall pay to Tenant, on or before January 31, 2000, without demand, deduction or set-off, One Hundred Twelve Thousand Five Hundred ($112,500.00) Dollars, as a one-time credit against the Base Rent due and payable by Tenant for the first three months (October, November and December 1999) of this Lease ("One Time Rent Credit").

Additional Rent Credit:
Commencing with the lease year beginning October 1, 2002, and each year thereafter, and provided Tenant is not in default under any terms of this Lease, Landlord shall pay Tenant an Additional Rent Credit equal to One ($1.00) Dollar for each square foot of Rentable Area of the Premises occupied in excess of 34,060 square feet ("Additional Rent Credit"). In no event shall the Additional Rent Credit exceed Eleven Thousand Three Hundred Sixty Nine ($11,369.00) Dollars for any one lease year. Landlord shall pay the Additional Rent Credit to Tenant without demand, deduction of set-off on or before the 31st day of the month of January following the end of the lease year for which the credit is due.

For the purposes of calculation of the Additional Rent Credit, the Tenant's occupied Rentable Area of the Premises shall be equal to the average annual Rentable Area of the Premises leased during the lease year on a 365 day basis.

STATE OF FLORIDA
COUNTY OF VOLUSIA

SECOND AMENDMENT TO LEASE AGREEMENT
TO INCREASE SQUARE FOOTAGE

This Second Amendment to Lease made this ___ day of _____, 2001, is entered into by and between Ridgewood Office Building, L.P., Ltd., a Delaware limited partnership as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/87, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease"), and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to Lease dated August 2, 1999 wherein the Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet.

WHEREAS, the Landlord and Tenant desire to modify and amend the Lease as set forth in this Second Amendment to Lease in order to increase the Rentable Area occupied by Tenant by an additional 3,851 square feet of Rentable Area for a total Rentable Area of 49,280 square feet, such additional Rentable Area being the area contained in Suite 210 on the Second Floor and Suite 330 on the Third Floor of the Building.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. A. As to Section 2. DEFINITIONS,

2.a. **Base Rent:** $579,040.00 until adjusted according to the terms set forth in the Lease.

2.i. **Landlord's Mailing Address**: 275 Clyde Morris Blvd, Ormond Beach, FL 32174

2.j. **Monthly Installments of Base Rent:** $48,253.33 per month until adjusted according to the terms set forth in the Lease.

2.l. **Premises:** Effective January 1, 2002, that portion of the building containing approximately 49,280 square feet of Rentable Area, as indicated on Exhibit "A".

2.r. **Tenant's Proportionate Share:** 78.91% effective January 1, 2002. Such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

B. As to Section 3. EXHIBITS AND ADDENDA, said section is amended to read as follows:

The exhibits listed below and attached hereto are incorporated by reference in this Second Amendment to Lease:

a. Exhibit "A" - Revised Floor Plans showing the Premises.
b. Addenda: Four - Rent Credit (B) Inducement Rent Credit

C. As to Section 11, CONSTRUCTION, REPAIRS AND MAINTENANCE., the following is added:

Paragraph 11.a. Landlord has constructed Tenant Improvements in Suite 210 and has paid for all such improvements per plans and specifications approved by Tenant. Landlord's contribution to Tenant Improvements totaled $20,000.00.

Landlord will construct Tenant Improvements in Suite 330 and pay for all such improvements per plans and specifications approved by Tenant. Landlord's contribution to Tenant Improvements shall not exceed $6,200.00.

D. As to Section 12. ALTERATIONS AND ADDITIONS., the following is added:

Paragraph 12.b. Tenant shall reimburse Landlord for all costs to construct Tenant Improvements in Suite 330 that exceed $6,200.00. Tenant reimbursement for such excess costs shall be paid to Landlord no later than thirty (30) days after Tenant receives Landlord's submitted invoice.

II. As to ADDENDUM NUMBER FOUR TO LEASE, the following is added:

(B) Inducement Rent Credit

As an inducement to Tenant for increasing the Rentable Area occupied by Tenant by an additional 3,851 square feet effective January 1, 2002, and provided Tenant is not in default under any terms of this Lease, Landlord shall provide, as offsets against Tenant's Monthly Installments of Base Rent as they are due and payable, credits as follows:

January 2002	$3,770.77 per month
February 2002 - September 2002	$1,524.35 per month
October 1, 2002 - September 2005	$1,661.55 per month

III. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

IV. Landlord and Tenant hereby acknowledge that the Lease and this Amendment represent the entire agreement, that no other written or oral agreements exist and that all other provisions of the Lease not modified herein shall remain in full force and effect.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, L.P., LTD.,
a Delaware limited partnership

By: Root Real Estate Corp., its managing

By: /s/
Ronald E. Nowviskie, Vice President

Witnesses:

/s/ A. Caryl Taylor
Typed Name:A. Caryl Taylor

/s/ Therese J. Taormina
Typed Name:Therese J. Taormin

TENANT:
BROWN & BROWN, Inc.
a Florida corporation

By: /s/ T. G. Tinsley
Typed Name: T. G. Tinsley
Title: Director of Operations

Witnesses:

/s/ Linda Holmes
Typed Name: Linda Holmes

/s/ Amy Gural
Typed Name:Amy Gural

STATE OF FLORIDA
COUNTY OF VOLUSIA

THIRD AMENDMENT TO LEASE AGREEMENT
TO INCREASE SQUARE FOOTAGE

This Third Amendment to Lease made this 8th day of August, 2002, is entered into by and between Ridgewood Office Building, L.P., Ltd., a Delaware limited partnership as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/87, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease"), and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to Lease dated August 2, 1999 wherein the Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet and that certain Second Amendment to Lease dated December 11, 2001, wherein the Tenant leased an additional 3,851 square feet of Rentable Area resulting in a total Rental Area of 49,280 square feet.

WHEREAS, the Landlord and Tenant desire to modify and amend the Lease as set forth in this Third Amendment to Lease in order to increase the Rentable Area occupied by Tenant by an additional 5,435 square feet of Rentable Area contained in Suite 301 on the Third Floor of the Building. Tenant also desires to decrease the Rentable Area occupied by Tenant by 3,480 square feet of Rentable Area contained in Suite 100 (existing MacDuff) on the first floor of the Building, resulting in a total Rentable Area of 51,235 square feet.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. A. As to Section 2. DEFINITIONS,

2.a. **Base Rent:** $602,011.25 until adjusted according to the terms set forth in the Lease.

2.i. **Landlord's Mailing Address**: 275 Clyde Morris Blvd, Ormond Beach, FL 32174

2.j. **Monthly Installments of Base Rent:** $50,167.60 per month until adjusted according to the terms set forth in the Lease.

2.l. **Premises:** Effective September 1, 2002, that portion of the building containing approximately 51,235 square feet of Rentable Area, as indicated on Exhibit "A".

2.r. **Tenant's Proportionate Share:** 82.04% effective September 1, 2002. Such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

B. As to Section 3. EXHIBITS AND ADDENDA, said section is amended to read as follows:

The exhibits listed below and attached hereto are incorporated by reference in this Third Amendment to Lease:

a. Exhibit "A" - Revised Floor Plans showing the Premises.

C. As to Section 12. ALTERATIONS AND ADDITIONS., the following is added:

Tenant shall accept the space in broom clean as-is condition and be responsible for all improvements and modifications. Landlord shall reimburse Tenant an Improvement Allowance of $9.75 per square foot on the additional 5,435 square feet of Rentable Area contained in Suite 301, the total amount being Fifty Two Thousand Nine Hundred Seventy Five ($52,975.00) Dollars and no cents payable in-cash or as an offset against Tenant's Year 2002 and/or Year 2003 Base Rent.

II. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

III. Landlord and Tenant hereby acknowledge that the Lease and this Amendment represent the entire agreement, that no other written or oral agreements exist and that all other provisions of the Lease not modified herein shall remain in full force and effect.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, L.P., LTD.,
a Delaware limited partnership
By: Root Real Estate Corp., its managing general partner

By: /s/ Philip Maroney
Philip Maroney, Vice President

Witnesses:

/s/ Alicia McKee
Typed Name: Alicia McKee

/s/ Amy A. Gural
Typed Name: Amy A. Gural

TENANT:
BROWN & BROWN, INC.
a Florida corporation

By: /s/ T. G. Tinsley
Typed Name: T. G. Tinsley
Title: Director of Operations

Witnesses:

/s/ Amy A. Gural
Typed Name: Amy A. Gural

/s/ Alicia McKee
Typed Name: Alicia McKee

STATE OF FLORIDA
COUNTY OF VOLUSIA

FOURTH AMENDMENT TO LEASE AGREEMENT

This Third Amendment to Lease made this 26th day of October, 2004, is entered into by and between Ridgewood Office Building, L.P., Ltd., a Delaware limited partnership as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/87, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease"), and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to Lease dated August 2, 1999 wherein the Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet and that certain Second Amendment to Lease dated December 11, 2001 wherein the Tenant leased an additional 3,851 square feet of Rentable Area resulting in a total Rental Area of 49,280 square feet and that certain Third Amendment to Lease dated August 8, 2002 wherein the Tenant leased an additional 5,435 square feet of Rentable Area resulting in a total Rental Area of 51,235 square feet.

WHEREAS, Tenant exercised its option under Addendum Number Three To Lease, Option To Decrease Rentable Area In The Premises effective October 1, 2003 wherein the Tenant decreased the Rental Area by 12,939 square feet such area being the entire Fourth Floor of the Building resulting in a total Rentable Area of 38,296 square feet.

WHEREAS, the Landlord and Tenant desire to modify and amend the Lease as set forth in this Fourth Amendment to Lease, the Premises shall be adjusted such that effective December 1, 2004 Tenant will occupy the entire Fourth Floor, consisting of 12,939 square feet and vacate the space it occupies in the south end of the Second Floor, consisting of 5,577 square feet, resulting in a total Rentable Area of the Premises being 45,658 square feet.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. A. As to Section 2. DEFINITIONS.

2.a. Base Rent: Effective December 1, 2004 shall be $513,652.50 per year for all space occupied by Tenant until adjusted according to the terms set forth in the Lease.

2.g. Expiration Date: The term of the Lease shall be extended for an additional seven (7) years ending September 30, 2016.

2.i. Landlord's Mailing Address: 275 Clyde Morris Blvd, Ormond Beach, FL 32174

2.j. Monthly Installments of Base Rent: For the months of October and November, 2004 shall be $35,902.50 and effective December 1, 2004 shall be $42,804.38 per month until adjusted according to the terms set forth in the Lease.

2.r. Tenant's Proportionate Share: 73.11% such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

B. As to Section 3. EXHIBITS AND ADDENDA, said section is amended to read as follows:

The exhibits listed below and attached hereto are incorporated by reference in this Fourth Amendment to Lease:

a. Exhibit "A" - Revised Floor Plans showing the Premises.

C. As to Section 5. Rent., said section is amended to read as follows:

5.2(a). Adjusted Base Rent.

The amount of Base Rent (and the corresponding Monthly installments of Base Rent) payable hereunder shall be adjusted commencing on Tenant's First Adjustment Date of October 1, 2007 and each three-year period (10/1/10 and 10/1/13) after the Tenant's first Adjustment Date. Adjustments, if any, shall be based upon increases (if any) in the Index. The Index in publication July 1, 2004 shall be the "Base Index." On each Adjustment Date, the Base Rent shall be increased by a percentage equal to the percentage increase, if any, in the Index in publication three (3) months before the Adjustment Date (the "Comparison Index") over the Base Index ("adjusted Base Rent"). In the event the Comparison Index is less than the prior Comparison Index (or Base Index, as the case may be), the Base Rent shall remain the amount of Base Rent payable during that preceding period. When the adjusted Base Rent payable as of each Adjustment Date is determined, Landlord shall give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The adjusted Base Rent shall thereafter be the "Base Rent" for all purposes under this Lease.

D. As to Section 12. ALTERATIONS AND ADDITIONS., the following is added:

Tenant shall accept the space in broom clean as-is condition and be responsible for all improvements and modifications. Landlord shall reimburse Tenant an Improvement Allowance of $6.00 per square foot on the additional 7,362 square feet net increase in the Rentable Area on December 15, 2004, the total amount being Forty Four Thousand One Hundred Seventy Two ($44,172.00) Dollars and no cents.

At its sole cost and expense and prior to December 1, 2004, Landlord shall construct a new entrance door in the north wall of the Fourth Floor elevator foyer.

E. As to ADDENDUM NUMBER THREE Option To Decrease Rentable Area In The Premises., This Addendum shall terminate and become null and void as of October 1, 2004.

F. As to ADDENDUM NUMBER FOUR Rent Credits., This Addendum shall terminate and become null and void as of October 1, 2004.

II. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

III. Landlord and Tenant hereby acknowledge that the Lease and this Amendment represent the entire agreement, that no other written or oral agreements exist and that all other provisions of the Lease not modified herein shall remain in full force and effect.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, L.P., LTD.,
a Delaware limited partnership
By: Root Real Estate Corp., its managing general partner

By: /s/
Ronald E. Nowviskie, Vice President

Witnesses:

/s/ A. Caryl Taylor
Typed Name:A. Caryl Taylor

/s/ L. Dee Snell
Print Name: L. Dee Snell

TENANT:
BROWN & BROWN, INC.
a Florida corporation

By: /s/ T. G. Tinsley
Typed Name: T. G. Tinsley
Title: Director of Operations - Dayton

Witnesses:

/s/ Amy A. Gural
Typed Name: Amy A. Gural

/s/ Robin W. Thomas
Print Name: Robin W. Thomas

HIGHWOODS/FLORIDA HOLDINGS, L.P.
("Landlord")

and

BROWN & BROWN, INC.
("Tenant")

OFFICE LEASE

TABLE OF CONTENTS

State of Florida:
County of Hillsborough:

OFFICE LEASE

THIS LEASE ("Lease"), made this 1st day of July, 2004, by and between **HIGHWOODS/FLORIDA HOLDINGS, L.P.**., a Delaware Limited Partnership, By: Highwoods Properties, Inc., as agent, ("Landlord") and **BROWN & BROWN, INC.,** a Florida corporation, ("Tenant"), provides as follows:

1. **BASIC DEFINITIONS AND PROVISIONS.** The following basic definitions and provisions apply to this Lease:

a.	*Premises.*	Rentable Square Feet:	40,505
		Suite:	400
		Building:	Spectrum
		Street Address:	3101 W. Martin Luther King Boulevard
		City/County:	Tampa / Hillsborough
		State/Zip Code:	Florida / 33607
b.	*Initial Term.*	Number of Months:	87
		Commencement Date:	As provided in Lease Addendum Number One (the Work Letter). Target Commencement Date is May 15, 2005.
		Expiration Date:	Eighty-seven (87) months from the Commencement Date, as adjusted pursuant to the provisions of Section 3(c).
			Estimated Expiration Date August 14, 2012
c.	*Permitted Use.*		General office
d.	*Occupancy Limitation.*		No more than six (6) persons per one thousand (1,000) rentable square feet (on average).
e.	*Base Rent.*		The minimum Base Rent for the Initial Term is $5,161,456.54, payable in monthly installments on the 1st day of each month in accordance with the following Base Rent Schedule:

MONTHS	RATE PSF	MONTHLY RENT	CUMULATIVE RENT
5/15/05 - 5/31/05	$16.80	$56,707.00	$31,097.42
6/1/05 - 11/30/05	$8.40	$28,353.50	170,121.00
12/1/05 - 5/31/06	$16.80	$56,707.00	$340,242.00
6/1/06 - 5/31/07	$17.22	$58,124.68	$697,496.16
6/1/07 - 5/31/08	$17.65	$59,576.10	$714,913.20
6/1/08 - 5/31/09	$18.09	$61,061.29	$732,735.48
6/1/09 - 5/31/10	$18.54	$62,580.23	$750,962.76
6/1/10 - 5/31/11	$19.00	$64,132.92	$769595.04
6/1/11 - 5/31/12	$19.48	$65,753.12	$789,037.44
6/1/12 - 8/14/12	$19.97	$67,407.07	$165,256.04
		BASE RENT:	**$5,161,456.54**

This rent schedule shall be modified as appropriate according to the provisions of Section 5(c)(ii) of this Lease.

f.	*Rent Payment Address.*	**HIGHWOODS/FLORIDA HOLDINGS, L.P.** P.O. Box 406396 Atlanta, Georgia 30384-6396 Attn: Spectrum Tax ID# 56-1993389
g.	*Security Deposit.*	$0
h.	*Normal Business Hours.*	7:00 A.M. to 6:00 P.M. Monday through Friday and 7:00 A.M. to 1:00 P.M. on Saturdays (excluding New Years Day, President's Day, Memorial Day, Independence Day, Thanksgiving Day and Christmas Day, together, "Holidays").
i.	*Electrical Service.*	As described in Section 8(k) of the Work Letter.
j.	*After Hours HVAC Rate.*	$25.00 per hour, per floor, with a minimum of two (2) hours per occurrence.
k.	*Parking.*	Five (5) spaces per 1000 rentable square feet. See Tenant Parking Agreement - Addendum Five.
l.	*Construction Fee.*	There will be no Construction Supervision Fee for the work described in the Work Letter. A 10% Construction Supervision Fee will be charged for all alterations performed by Landlord.
m.	*Tenant's Broker.*	Andy May Cushman & Wakefield of Florida, Inc. One Tampa City Center Suite 3600 Tampa, Florida 33602
	Landlord's Broker.	Highwoods/Florida GP Corp 3111 W. Dr. Martin Luther King, Jr. Blvd. Suite 300 Tampa, Florida 33607
n.	*Notice Addresses.*	
	LANDLORD:	**HIGHWOODS/FLORIDA HOLDINGS, L.P.** 3100 Smoketree Court, Suite 600 Raleigh, North Carolina 27604 Attn: Manager, Lease Administration Facsimile #: 919/876-2448
	with a copy to:	**HIGHWOODS PROPERTIES, INC.** 3111 W. Dr. Martin Luther King, Jr. Blvd. Suite 300 Tampa, Florida 33607 Attn: Lease Administrator
	TENANT: [before CommencementDate]	Brown & Brown, Inc. P.O. Box 1348 Tampa, Florida 33601 Attn: Laurel Grammig, Esq.
	[after Commencement Date]	Brown & Brown, Inc. 3101 W. Dr. Martin Luther King, Jr. Blvd. Suite 400 Tampa, Florida 33607 Attn: Laurel Grammig, Esq.

2. **LEASED PREMISES**.

a. *Premises.* Landlord leases to Tenant and Tenant leases from Landlord the Premises identified in Section 1a and as more particularly shown on **Exhibit A**, attached hereto, which will include the elevator lobby area on the fourth floor.

b. *Rentable Square Foot Determination.* Landlord represents that the Rentable Area of the Premises was calculated in accordance with the American National Standard Method of measuring floor area in office buildings of the Building Owners and Managers Association (BOMA) International (ANSI 265.1 - 1966) ("BOMA Standard"), and that the Building contains 146,994 square feet of Rentable Area, calculated in accordance with the BOMA Standard.

c. *Common Areas.* Tenant shall have non-exclusive access to the common areas of the Building. The common areas generally include space that is not included in portions of the Building set aside for leasing to tenants or reserved for Landlord's exclusive use, including entrances, hallways, lobbies, elevators, restrooms, walkways and plazas and landscaping, as well as the parking areas and garages identified in Lease Addendum Number Five, together with access to the parking areas and Building ("Common Areas"). Landlord has the exclusive right to (i) designate the Common Areas, (ii) change the designation of any Common Area and otherwise modify the Common Areas, and (iii) permit special use of the Common Areas, including temporary exclusive use for special occasions, provided no such designation or change shall materially and adversely affect Tenant's access, parking, or use and enjoyment of the Premises. Tenant shall not interfere with the rights of others to use the Common Areas. All use of the Common Areas shall be subject to reasonable rules and regulations promulgated by Landlord.

3. **TERM**.

a. *Commencement and Expiration Dates.* The Initial Term of the Lease commences on the Commencement Date and expires on the Expiration Date, as set forth in Section 1b. Tenant has the right to extend the Lease Term for up to two (2) Lease Renewal Terms in accordance with Lease Addendum Number Three. "Lease Term" or "term" means the Initial Term and exercised Lease Renewal Terms.

b. *Termination by Tenant for Failure to Deliver Possession.* If Landlord is unable to deliver possession of the Premises by August 15, 2005 (adjusted for any delays resulting from *force majeure* or Excused Delays as defined in the Work Letter), then Tenant may terminate this Lease by giving notice to Landlord within fifteen (15) days thereafter. If for any reason (including without limitation, *force majeure*) Landlord is unable to deliver possession of the Premises by November 15, 2005, then Tenant may terminate this Lease by giving notice to Landlord within fifteen (15) days thereafter.

c. *Adjustment of Expiration Date.* If the Expiration Date does not occur on the last day of a calendar month, then the Term shall be extended by the number of days necessary to cause the Expiration Date to occur on the last day of the last calendar month of the Term. Tenant shall pay Base Rent and Additional Rent for such additional days at the same rate payable for the portion of the last calendar month immediately preceding such extension.

d. *Right to Occupy.* Tenant shall not occupy the Premises until Tenant has complied with all of the following requirements: (i) delivery of all certificates of insurance, (ii) payment of first month's Rent; and (iii) receipt of a good standing certificate from the State where Tenant was organized and a certificate of authority to do business in the State in which the Premises are located (if different). Tenant's failure to comply with these (or any other conditions precedent to occupancy under the terms of this Lease) shall not delay the Commencement Date.

e. *Commencement Agreement.* At the request of either party, Commencement Date, Term, and Expiration Date may be set forth in a Commencement Agreement similar to **Exhibit C,** attached hereto, to be prepared by Landlord and executed by the parties.

4. **USE.**

a. *Permitted Use.* The Premises may be used only for Tenant's Permitted Use as defined in Section 1c and in accordance with the Occupancy Limitation as set forth in Section 1d.

b. *Prohibited Uses.* Tenant shall not use the Premises:

i. Intentionally omitted.

ii. In any manner that constitutes a nuisance or trespass;

iii. In any manner other than Tenant's Permitted Use which increases any insurance premiums, or makes such insurance unavailable to Landlord on the Building; provided that, in the event of an increase in Landlord's insurance premiums which results from Tenant's use of the Premises, Landlord may elect to permit the use and charge Tenant for the increase in premiums, and Tenant's failure to pay Landlord, on demand, the amount of such increase shall be an event of default;

iv. In any manner that creates demands for electricity, heating or air conditioning in excess of that stated in paragraph 1.(i), unless Tenant agrees to pay the actual, out-of-pocket costs incurred by Landlord in providing such excess electricity, including submetering therefor; or

v. For any purpose except the Permitted Use, unless consented to by Landlord in writing.

c. *Prohibited Equipment in Premises.* Tenant shall not install any equipment in the Premises that requires electrical power or cooling beyond the Building's electrical and cooling specifications, as set forth in Addendum Number One to the Lease, and as identified by Landlord as exceeding such specifications at the time of Landlord's approval of Tenant's plans specify such equipment ("High Demand Equipment") without Landlord's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. No such consent will be given if Landlord determines, in its opinion, that such equipment may not be safely used in the Premises or that electrical service is not adequate to support the equipment. Landlord's consent may be conditioned, without limitation, upon separate metering of the High Demand Equipment and Tenant's payment of all engineering, equipment, installation, maintenance, removal and restoration costs and utility charges associated with the High Demand Equipment and the separate meter. If High Demand Equipment used in the Premises by Tenant affects the temperature otherwise maintained by the heating and air conditioning system, Landlord shall have the right to install supplemental air conditioning units in the Premises with the cost of engineering, installation, operation and maintenance of the units to be paid by Tenant. All costs and expenses relating to High Demand Equipment shall be Additional Rent, payable by Tenant within thirty (30) days after receipt of invoice.

5. **RENT.**

a. *Payment Obligations.* Tenant shall pay Base Rent and Additional Rent (collectively, "Rent") on or before the first day of each calendar month during the Term, as follows:

i. Rent payments shall be sent to the Rent Payment Address set forth in Section 1f.

ii. Rent shall be paid without previous demand or notice and without set off or deduction (except as otherwise expressly provided in the Lease). Tenant's obligation to pay Rent under this Lease is completely separate and independent from any of Landlord's obligations under this Lease.

iii. If the Commencement Date is a day other than the first day of a calendar month, or if the Expiration Date is a day other than the last day of a calendar month, then Rent for such month shall be (i) prorated, and (ii) due and payable on the first day of such month.

iv. For each Rent payment Landlord receives after the fifth (5th) day of the month, Landlord shall be entitled to a late charge in the amount of five percent (5%) of all Rent due for such month. Notwithstanding the preceding sentence, no such late payment shall be due for the first two such late payments during the Term (including any extensions or renewals thereof) unless Tenant fails to make such payment within five (5) days after written notice from Landlord that such payment is past due.

v. If Landlord presents Tenant's check to any bank and Tenant has insufficient funds to pay for such check, then Landlord shall be entitled to the maximum lawful bad check fee or five percent (5%) of the amount of such check, whichever amount is less.

b. *Base Rent***.** Tenant shall pay Base Rent as set forth in Section 1e.

c. *Additional Rent***.** In addition to Base Rent, Tenant shall pay as rent all sums and charges due and payable by Tenant under this Lease ("Additional Rent"), including, but not limited to, the following:

i. Tenant's Proportionate Share of the increase in Landlord's Operating Expenses as set forth in Lease Addendum Number Two;

ii. Any sales or use tax imposed on Rent collected by Landlord or any tax on rents in lieu of ad valorem taxes on the Building, even though laws imposing such taxes attempt to require Landlord to pay the same; provided, however, if any such sales or use tax are imposed on Landlord and Landlord is prohibited by applicable law from collecting the amount of such tax from Tenant as Additional Rent, then Landlord and Tenant shall amend this Lease to increase the Base Rent payable hereunder by the amount of such increase so that the economic effect of this Lease prior to the imposition of such tax is maintained; and

iii. Any construction supervision fees in connection with the construction of Tenant Improvements or alterations to the Premises.

Base Rent and Additional Rent are referred to in this Lease as "Rent".

6. **SECURITY DEPOSIT.** [INTENTIONALLY OMITTED].

7. **SERVICES BY LANDLORD**.

a. *Base Services*. Provided that Tenant is not then in default beyond applicable notice and cure periods, Landlord shall cause to be furnished to the Building, or as applicable, the Premises, in common with other tenants the following services:

i. Hot and cold water (if available from city mains) for drinking, lavatory and toilet purposes.

ii. Electricity (if available from the utility supplier) in the capacity specified in Lease Addendum Number One.

iii. Operatorless elevator service, 24 hours per day, 7 days per week.

iv. Building standard fluorescent lighting fixtures; Tenant shall service, replace and maintain at its own expense any incandescent fixtures, table lamps, or lighting other than the building standard fluorescent light, and any dimmers or lighting controls other than controls for the building standard fluorescent lighting.

v. Heating and air conditioning for the reasonably comfortable use and occupancy of the Premises during Business Hours as set forth in Section 1h; provided that, heating and cooling conforming to any governmental regulation prescribing limitations thereon shall be deemed to comply with this service. Such HVAC system shall incorporate interior variable air volume (VAV) distribution and fan powered variable air volume (FPVAV) exterior distribution. Such system shall maintain interior space conditions, during the Building's Normal Business Hours, of 74+/- 2 degrees Fahrenheit dry bulb (Fdb), with a relative humidity of 50% +/- 10%, based upon the following design conditions:

a. Summer outside conditions based upon ASHRAE Fundamentals Climactic Conditions using the 1% Design dry-bulb and mean coincident wet-bulb from the nearest listed City.
b. Winter outside conditions based upon ASHRAE Fundamental Climactic Conditions using the 99% Design dry-bulb from the nearest listed City.
c. One person per 200 rentable square feet.
d. Twenty (20) cfm of outside air per person, based upon one person per 200 rentable square feet.
e. Night/weekend setback shall not allow the Premises to drop below 55 degrees Fdb in the winter. Unoccupied spaces adjacent to the premises shall be maintained between 65 and 80 degrees Fdb during the normal business hours of the Building.

vi. After Business Hours, weekend and holiday heating and air conditioning at the After Hours HVAC rate set forth in Section 1j, with such charges subject to reasonable annual increases so as to reimburse Landlord for the increased costs of utilities required to provide such service.

vii. Janitorial services five (5) days a week (excluding Holidays) after Business Hours in accordance with the cleaning specifications attached hereto as Lease Addendum Number Eight.

viii. A reasonable pro-rata share of the unreserved parking spaces of the Building, for use by Tenant's employees and visitors in common with the other tenants and their employees and visitors, as more specifically provided in Lease Addendum Number Five.

ix. Security in the Tampa Bay Office Park consisting of a roving guard on duty from 7:00 a.m. to 11:00 p.m., Monday through Friday except Holidays. At the request of a Tenant employee, the guard, while on duty and as available, will escort the employee to his or her vehicle after Normal Business Hours. At Tenant's request, Landlord shall provide a guard for additional hours, at Tenant's cost (which will be equal to Landlord's out-of-pocket cost, without mark-up).

b. *Landlord's Maintenance*. Landlord shall make all repairs and replacements to the Building (including the Building's electrical, mechanical, and plumbing systems, elevators, fixtures and equipment), Common Areas and Tenant Improvements in the Premises (except for repairs and replacements that Tenant must make under Section 8) as necessary to maintain the Building and Common Areas in a first class condition, similar to the condition of comparable office buildings in the Westshore area of Tampa. Landlord's maintenance shall include the roof, foundation, exterior walls, interior structural walls, all structural components, and all Building systems, such as mechanical, electrical, HVAC, and plumbing. Repairs or replacements shall be made within a reasonable time (depending on the nature of the repair or replacement needed) after receiving notice from Tenant or Landlord having actual knowledge of the need for a repair or replacement.

c. *Abatement.* If for any reason attributable to either the failure of Landlord to carry out its obligations hereunder or *force majeure*, a portion of the Premises becomes unsuitable for Tenant's employees to perform their ordinary functions and Tenant shall have ceased its operations in such portion of the Premises, then after the continuation of such condition for five (5) consecutive business days and commencing on the sixth business day, or alternatively, after the continuation of such condition for more than 12 business days in any calendar year, Base Rent hereunder shall abate proportionately for such portion of the Premises for the period such condition persists. Landlord shall have the right to shut down the Building systems (including electricity and HVAC systems) for required maintenance and safety inspections (but Landlord shall do so after Normal Business Hours, if practicable), and in cases of emergency.

d. *Tenant's Obligation to Report Defects.* Tenant shall promptly report to Landlord any defective condition in or about the Premises known to Tenant.

e. *Limitation on Landlord's Liability.* Landlord shall not be liable to Tenant for any damage caused to Tenant and its property due to the Building or any part or appurtenance thereof being improperly constructed or being or becoming out of repair, or arising from the leaking of gas, water, sewer or steam pipes, or from problems with electrical service, Tenant agreeing to insure against such damage. The preceding sentence is not intended to release Landlord from its maintenance obligations under this Lease.

8. **TENANT'S ACCEPTANCE AND MAINTENANCE OF PREMISES**.

a. *Acceptance of Premises.* Subject to the terms of the attached Work Letter, Tenant's occupancy of the Premises is Tenant's representation to Landlord that (i) Tenant has examined and inspected the Premises, (ii) finds the Premises to be as represented by Landlord and satisfactory for Tenant's intended use, and (iii) constitutes Tenant's acceptance of the Premises "as is", subject to latent defects and Landlord's performance of its obligations under the Work Letter. Landlord makes no representation or warranty as to the condition of the Premises except as may be specifically set forth in the Work Letter.

b. *Move-In Obligations.* Tenant shall schedule its move-in with the Landlord's Property Manager. Unless otherwise approved by Landlord's Property Manager, which approval shall not be unreasonably withheld, delayed or conditioned, move-in shall not take place during Business Hours. During Tenant's move-in, a representative of Tenant must be on-site with Tenant's moving company to ensure proper treatment of the Building and the Premises. Elevators, entrances, hallways and other Common Areas must remain in use for the general public during Normal Business Hours. Any specialized use of elevators or other Common Areas must be coordinated with Landlord's Property Manager. Tenant must properly dispose of all packing material and refuse in accordance with the Rules and Regulations. Any damage or destruction to the Building or the Premises due to moving will be the sole responsibility of Tenant.

c. *Tenant's Maintenance*. Tenant shall: (i) keep the Tenant Improvements and fixtures in the Premises (excluding building systems except when repairs or maintenance are required by Tenant's misuse thereof) and the interior surfaces of the Premises in good order; (ii) make repairs and replacements to the Premises or Building needed because of Tenant's misuse or negligence; (iii) repair and replace Non-Standard Improvements, including any special equipment or decorative treatments, installed by or at Tenant's request that serve the Premises (unless the Lease is ended because of casualty loss or condemnation); and (iv) not commit waste.

d. *Alterations to Premises.* Tenant shall make no structural alterations to the Premises without the prior written consent of Landlord, which Landlord shall be under no obligation to grant. If Tenant desires to make non-structural alterations to the Premises, Tenant shall be responsible for the design and construction of such alterations, provided that Tenant obtains Landlord's prior written approval of the plans and specifications for such alterations, which approval shall not be unreasonably withheld, conditioned or delayed, and, in that event, Tenant shall ensure that such alterations are constructed in compliance with Laws and subject to such reasonable and customary requirements as Landlord may impose on such construction.

e. *Restoration of Premises.* At the expiration or earlier termination of this Lease, Tenant shall deliver each and every part of the Premises in operable repair and condition, ordinary wear and tear and damage by casualty excepted, including all alterations undertaken by or at the request of Tenant after the Tenant Improvements are completed, except that as to any such alteration which is atypical of general office use and which imposes upon Landlord materially greater demolition costs as compared to the Tenant Improvements, Landlord may require Tenant to remove such alterations, but only if Landlord so notifies Tenant in writing simultaneously with Landlord's approval of such alterations. If Tenant has required or installed Non-Standard Improvements, such improvements shall be removed as part of Tenant's restoration obligation, unless at the time of such Non-Standard Improvements were installed, Landlord agreed in writing that Tenant could abandon such improvements at Lease expiration. Tenant shall repair any damage caused by the removal of any Non-Standard Improvements. "Non-Standard Improvements" means such items as (i) High Demand Equipment and separate meters, (ii) all wiring and cabling from the plenum only, (iii) raised floors for computer or communications systems, (iv) telephone equipment, security systems, and UPS systems, (iv) supplemental HVAC units and systems, and (v) equipment racks.

f. *Landlord's Performance of Tenant's Obligations.* If Tenant does not perform its maintenance or restoration obligations in a timely manner, commencing the same within fifteen (15) days after receipt of notice from Landlord specifying the work needed, and thereafter diligently and continuously pursuing the work until completion, then Landlord shall have the right, but not the obligation, to perform such work. Any amounts expended by Landlord on such maintenance or restoration shall be Additional Rent to be paid by Tenant to Landlord within thirty (30) days after demand.

g. *Construction Liens*. Tenant shall have no power to do any act or make any contract that may create or be the foundation of any lien, mortgage or other encumbrance upon the reversionary or other estate of Landlord, or any interest of Landlord in the Premises. NO CONSTRUCTION LIENS OR OTHER LIENS FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED TO THE PREMISES SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO THE PREMISES OR THE BUILDING. Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by or on behalf of Tenant. Should any lien or claim of lien be filed against the Premises or the Building by reason of any act or omission of Tenant or any of Tenant's agents, employees, contractors or representatives, then Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after the filing thereof. Should Tenant fail to discharge the lien within ten (10) days, then Landlord may discharge the lien. The amount paid by Landlord to discharge the lien (whether directly or by bond), plus all administrative and legal costs incurred by Landlord, shall be Additional Rent payable on demand. The remedies provided herein shall be in addition to all other remedies available to Landlord under this Lease or otherwise.

TENANT SHALL NOTIFY ANY CONTRACTOR PERFORMING ANY CONSTRUCTION WORK IN THE PREMISES ON BEHALF OF TENANT THAT THIS LEASE SPECIFICALLY PROVIDES THAT THE INTEREST OF LANDLORD IN THE PREMISES SHALL NOT BE SUBJECT TO LIENS FOR IMPROVEMENTS MADE BY TENANT, AND NO MECHANIC'S LIEN OR OTHER LIEN FOR ANY SUCH LABOR, SERVICES, MATERIALS, SUPPLIES, MACHINERY, FIXTURES OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE STATE OR INTEREST OF LANDLORD IN AND TO THE PREMISES, THE BUILDING, OR ANY PORTION THEREOF. IN ADDITION, LANDLORD SHALL HAVE THE RIGHT TO POST AND KEEP POSTED AT ALL REASONABLE TIMES ON THE PREMISES ANY NOTICES WHICH LANDLORD SHALL BE REQUIRED SO TO POST FOR THE PROTECTION OF LANDLORD AND THE PREMISES FROM ANY SUCH LIEN. TENANT AGREES TO PROMPTLY EXECUTE SUCH INSTRUMENTS IN RECORDABLE FORM IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF FLORIDA STATUTE SECTION 713.10.

h. *Communications Compliance.* Tenant acknowledges and agrees that any and all telephone and telecommunication services desired by Tenant shall be ordered and utilized at the sole expense of Tenant. Unless Landlord requests otherwise or consents in writing, all of Tenant's telecommunications equipment shall be located and remain solely in the Premises. Landlord shall not have any responsibility for the maintenance of Tenant's telecommunications equipment, including wiring; nor for any wiring or other infrastructure to which Tenant's telecommunications equipment may be connected. Tenant agrees that, to the extent any telecommunications service is interrupted, curtailed or discontinued, Landlord shall have no obligation or liability with respect thereto unless resulting from Landlord's negligence or willful misconduct. Landlord shall have the right, upon reasonable prior oral notice to Tenant, to interrupt or turn off telecommunications facilities in the event of emergency, or other than in event of an emergency, upon three (3) business days prior written notice to Tenant, to interrupt or turn off telecommunications facilities as necessary in connection with repairs to the Building or installation of telecommunications equipment for other tenants of the Building, provided such interruption occurs after Normal Business Hours whenever practicable. In the event that Tenant wishes at any time to utilize the services of a telephone or telecommunications provider whose equipment is not then servicing the Building, the provider shall not be permitted to install its lines or other equipment within the Building without first securing the prior written approval of Landlord, which approval shall not be unreasonably withheld. Landlord's approval may be conditioned in such a manner as to protect Landlord's financial interests, the interest of the Building, and the other tenants therein. The refusal of Landlord to grant its approval to any prospective telecommunications provider shall not be deemed a default or breach by Landlord of its obligation under this Lease. The provisions of this paragraph may be enforced solely by Tenant and Landlord, are not for the benefit of any other party, and specifically but without limitation, no telephone or telecommunications provider shall be deemed a third party beneficiary of this Lease. Tenant shall utilize any wireless communications equipment (other than usual and customary cellular telephones and wireless LAN's), including antennae and satellite receiver dishes, within the Premises or the Building, only with Landlord's prior written consent or in accordance with the Rooftop License Agreement. Landlord's consent may be conditioned in such a manner so as to protect Landlord's financial interests, the interests of the Building, and the other tenants therein. At Landlord's option, Tenant may be required to remove any and all telecommunications equipment (including wireless equipment) installed in the Premises or elsewhere in or on the Building by or on behalf of Tenant, including wiring from the plenum only, or other facilities for telecommunications transmittal upon the expiration or termination of the Lease and at Tenant's sole cost.

9. **PROPERTY OF TENANT.**

a. *Property Taxes.* Tenant shall pay when due all taxes levied or assessed upon Tenant's equipment, fixtures, furniture, leasehold improvements and personal property located in the Premises.

b. *Removal.* Provided Tenant is not in default, Tenant may remove all fixtures and equipment which it has placed in the Premises; provided, however, Tenant must repair all damages caused by such removal. If Tenant does not remove its property from the Premises upon the expiration or earlier termination (for whatever cause) of this Lease, such property shall be deemed abandoned by Tenant, and Landlord may dispose of the same in whatever manner Landlord may elect without any liability to Tenant.

10. **SIGNS.** Tenant may not erect, install or display any sign or advertising material upon the exterior of the Building or Premises (including any exterior doors, walls or windows) without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. Door and directory signage shall be provided and installed by the Landlord in accordance with building standards at Tenant's expense, unless otherwise provided in the Work Letter attached as Lease Addendum Number One. As long as Tenant is occupying a full floor of the Building, Tenant shall be allowed lobby signage on the fourth floor. Tenant shall also be allowed, at Tenant's expense, exterior monument signage located at the front of the Building as more precisely described in **Exhibit E** attached hereto.

11. ACCESS TO PREMISES.

a. *Tenant's Access.* Tenant, its agents, employees, invitees, and guests, shall have access to the Premises and reasonable ingress and egress to common and public areas of the Building twenty-four hours a day, seven days a week; provided, however, Landlord by reasonable regulation may control such access for the comfort, convenience, safety and protection of all tenants in the Building, or as needed for making repairs and alterations. Tenant shall be responsible for providing access to the Premises to its agents, employees, invitees and guests after Normal Business Hours and on weekends and Holidays, but in no event shall Tenant's use of and access to the Premises outside of Normal Business Hours compromise the security of the Building.

b. *Landlord's Access.* Landlord shall have the right, at all reasonable times and upon reasonable prior oral notice, either itself or through its authorized agents, to enter the Premises (i) to make repairs, alterations or changes as Landlord deems necessary (but only upon one (1) business day's prior written notice to Tenant, explaining the nature and location of the construction activities, and provided further that if Landlord's work will materially adversely affect Tenant's use of a portion of the Premises, then such work will be performed after Normal Business Hours and Landlord will assure that appropriate security personnel are present during such work), (ii) to inspect the Premises, mechanical systems and electrical devices, and (iii) to show the Premises to prospective mortgagees and purchasers. Within three hundred sixty five (365) days prior to the Expiration Date, Landlord shall have the right, either itself or through its authorized agents, to enter the Premises at all reasonable times upon reasonable prior notice to show prospective tenants.

c. *Emergency Access.* Landlord shall have the right to enter the Premises at any time without notice in the event of an emergency.

12. **RULES AND REGULATIONS**. Tenant shall comply with the Rules and Regulations attached as **Exhibit B.** The Rules and Regulations may be reasonably modified from time to time by Landlord, effective as of the date delivered to Tenant or posted on the Premises, provided such rules are uniformly applicable to all tenants in the Building. Any conflict between this Lease and the Rules and Regulations shall be governed by the terms of this Lease.

13. **COMPLIANCE WITH LAWS**.

a. *Tenant's Compliance*. Tenant, at Tenant's sole expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities now in force, which shall impose any duty upon Landlord or Tenant with respect to Tenant's use or occupation of the Premises including without limitation, The Americans With Disabilities Act (the "ADA") ("Laws").

b. *Landlord's Compliance.* Landlord, at Landlord's sole expense, shall comply with all Laws, including without limitation, the ADA, as they apply to the Common Areas, restrooms and structural and mechanical elements of the Building. Landlord shall not be required to make changes to the Common Areas or restrooms of the Building to comply with ADA standards adopted after construction of the Building unless specifically required to do so by Law.

c. *ADA Notices.* If Tenant receives any notices alleging a violation of ADA relating to any portion of the Building or Premises (including any governmental or regulatory actions or investigations regarding non-compliance with ADA), then Tenant shall notify Landlord in writing within ten (10) days of such notice and provide Landlord with copies of any such notice.

14. **INSURANCE REQUIREMENTS**.

a. *Tenant's Liability Insurance*. Throughout the Term, Tenant, at its sole cost and expense, shall keep or cause to be kept Commercial General Liability Insurance (ISO CGL Form CG0001 or its equivalent) naming Landlord and Landlord's Property Manager as additional insureds, with a combined single limit, each Occurrence and General Aggregate-per location of at least TWO MILLION DOLLARS ($2,000,000), which policy shall insure against liability of Tenant, arising out of and in connection with Tenant's use of the Premises, and which shall insure the indemnity provisions contained in this Lease. Not more frequently than once every three (3) years, Landlord may require the limits to be increased if in its reasonable judgment (or that of its mortgagee) the coverage is insufficient when compared to the insurance requirements for similar buildings in the Westshore submarket.

b. *Tenant's Property Insurance.* Tenant shall also carry the equivalent of ISO Special Form Property Insurance on Tenant's Property for full replacement value. For purposes of this provision, "Tenant's Property" shall mean Tenant's personal property and fixtures, and any Non-Standard Improvements to the Premises. Tenant shall neither have, nor make, any claim against Landlord for any loss or damage to the Tenant's Property, regardless of the cause of the loss or damage. Tenant shall have the right to self-insure against damage to Tenant's Property.

c. *Certificates of Insurance.* Prior to taking possession of the Premises, and annually thereafter, Tenant shall deliver to Landlord certificates or other evidence of insurance satisfactory to Landlord. All such policies shall be non-assessable and shall contain language to the extent obtainable that (i) any loss shall be payable notwithstanding any act or negligence of Landlord or Tenant that might otherwise result in forfeiture of the insurance, (ii) the policies are primary and non-contributing with any insurance that Landlord may carry, and (iii) that the carrier will endeavor to give Landlord written notice before such coverages are cancelled, non-renewed or reduced. If Tenant fails to provide Landlord with such certificates or other evidence of insurance coverage, Landlord may obtain such coverage and the cost of such coverage shall be Additional Rent payable by Tenant upon demand.

d. *Insurance Policy Requirements.* Tenant's insurance policies required by this Lease shall: (i) be issued by insurance companies licensed to do business in the state in which the Premises are located with a general policyholder's ratings of at least A- and a financial rating of at least VI in the most current Best's Insurance Reports available on the Commencement Date, or if the Best's ratings are changed or discontinued, the parties shall agree to a comparable method of rating insurance companies; (ii) name Landlord and current or future Mortgagee as an additional insured as its interest may appear [other landlords or tenants may be added as additional insureds in a blanket policy]; (iii) provide that that the carrier will endeavor to give Landlord written notice before such coverages are cancelled, non-renewed or reduced; (iv) be primary policies; (v) provide that any loss shall be payable notwithstanding any gross negligence of Tenant; (iv) have no deductible exceeding TEN THOUSAND DOLLARS ($10,000), unless approved in writing by Landlord; and (v) be maintained during the entire Term and any extension terms.

e. *Landlord's Property Insurance.* Landlord shall keep the Building, including the improvements (but excluding Tenant's Property), insured against damage and destruction by perils insured by the equivalent of ISO Special Form Property Insurance in the amount of the full replacement value of the Building.

f. *Mutual Waiver of Subrogation.* Anything in this Lease to the contrary notwithstanding, Landlord hereby releases and waives unto Tenant (including all partners, stockholders, officers, directors, employees and agents thereof), its subtenants, successors and assigns, and Tenant hereby releases and waives unto Landlord (including all partners, stockholders, officers, directors, employees and agents thereof), its successors and assigns, all rights of recovery, claims, actions, or causes of action against the other for any cost of damage to the Premises, the Building, or any improvements therein or thereon, or any property of such party therein or thereon, by reason of fire, the elements, or any other cause which would typically be insured against under the terms of a special form property insurance policy in Section 14 hereof, regardless of the amount of proceeds payable under the insurance policies or the cause or origin including negligence of the other party hereto. As respects all policies of insurance carried or maintained pursuant to this Lease, Tenant and Landlord each waive the insurance carriers' rights of subrogation.

15. **INDEMNITY.** Subject to the insurance requirements, releases and mutual waivers of subrogation set forth in this Lease, Landlord and Tenant agrees as follows:

a. *Indemnity.* Tenant shall indemnify and hold Landlord, Landlord's mortgagees, any ground lessor and their respective partners, stockholders, officers, directors, employees, and agents harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including reasonable attorneys' fees at all tribunal levels) arising out of or related to (i) any activity, work, or other thing done, permitted or suffered by Tenant in or about the Premises or the Building, (ii) any breach or default by Tenant in the performance of any of its obligations under this Lease, or (iii) any act or neglect of Tenant, or any officer, agent, employee, contractor, servant, invitee or guest of Tenant. Landlord shall indemnify and hold harmless Tenant and its partners, directors, officers, agents, and employees from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including attorneys' fees at all tribunal levels) arising out of or related to (i) any activity, work, or other thing done, permitted or suffered by Landlord in or about the Common Areas, and (ii) any act or neglect of Landlord, or any officer, agent, employee, contractor, servant, invitee or guest of Landlord.

b. *Defense Obligation.* In connection with the parties' performance of their indemnity obligations under Section 15.a, above, the indemnitor shall defend the indemnitee through counsel acceptable to the indemnitee. The provisions of this Section 15 shall survive the termination of this Lease.

16. **QUIET ENJOYMENT.** Tenant shall have quiet enjoyment and possession of the Premises provided no default exists hereunder beyond applicable notice and cure periods.

17. **SUBORDINATION; ATTORNMENT; NON-DISTURBANCE; AND ESTOPPEL CERTIFICATE.**

a. *Subordination and Attornment.* Tenant agrees to execute within ten business (10) business days after request to do so from Landlord or its mortgagee an agreement:

i. Making this Lease superior or subordinate to the interests of the mortgagee;

ii. Agreeing to attorn to the mortgagee;

iii. Giving the mortgagee notice of, and a reasonable opportunity (which shall in no event be less than thirty (30) days after notice thereof is delivered to mortgagee) to cure any Landlord default and agreeing to accept such cure if effected by the mortgagee;

iv. Permitting the mortgagee (or other purchaser at any foreclosure sale), and its successors and assigns, on acquiring Landlord's interest in the Premises and the Lease, to become substitute Landlord hereunder, with liability only for such Landlord obligations as accrue after Landlord's interest is so acquired;

v. Agreeing to attorn to any successor Landlord; and

vi. Containing such other agreements and covenants on Tenant's part as Landlord's mortgagee may reasonably request which do not adversely affect Tenant's rights under this Lease.

b. *Non-Disturbance.* Tenant's obligation to subordinate its interests or attorn to any mortgagee is conditioned upon the mortgagee's agreement not to disturb Tenant's possession and quiet enjoyment of the Premises under this Lease so long as Tenant is in compliance with the terms of the Lease. Landlord shall deliver to Tenant a non-disturbance agreement reasonably acceptable to Tenant from the holder of any existing Mortgage within fifteen (15) days after the Effective Date. Landlord hereby represents and warrants to Tenant that Landlord owns fee simple title to the Building and the real property on which the Building is located, free and clear of any encumbrance, mortgage or other lien, except for the lien for real estate taxes not yet due and payable and the mortgage lien in favor of Northwest Mutual Insurance Company. Within fifteen (15) days after the Effective Date, Landlord and Tenant shall execute and deliver, and Landlord shall cause Northwestern Mutual Life Insurance Company to execute and deliver, a subordination, non-disturbance and attornment agreement in substantially the form attached hereto as **Exhibit F**.

c. *Estoppel Certificates.* Landlord and Tenant agree to execute within ten (10) business days after request, and as often as reasonably requested, estoppel certificates confirming any reasonable factual matter which is true to the certifying party's knowledge regarding this Lease and the Premises, including but not limited to: (i) the date of occupancy, (ii) Expiration Date, (iii) the amount of Rent due and date to which Rent is paid, (iii) whether the certifying party has any defense or offsets to the enforcement of this Lease or the Rent payable, (iv) any default or breach by the other party, and (v) whether this Lease, together with any modifications or amendments, is in full force and effect. The certifying party shall attach to such estoppel certificate a copy of each modification or amendment to the Lease.

18. **ASSIGNMENT - SUBLEASE.**

a. *Landlord Consent.* Tenant may not assign or encumber this Lease or its interest in the Premises arising under this Lease, and may not sublet all or any part of the Premises without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably. Factors which Landlord may consider in deciding whether to consent to an assignment or sublease include (without limitation), (i) the creditworthiness of the assignee, (ii) the proposed use of the Premises, (iii) whether there is other vacant space in the Building which would satisfy the requirements of the proposed transferee, (iv) whether the assignee or sublessee will vacate other space owned by Landlord, (v) whether Landlord is negotiating with the proposed sublessee or assignee for a lease of other space owned by Landlord, and (vi) any renovations to the Premises or special services required by the assignee or sublessee (unless Tenant or such assignee or sublessee agrees to pay for such renovations or services). Landlord will not consent to an assignment or sublease that reasonably might result in a use that conflicts with the rights of any existing tenant. One consent shall not be the basis for any further consent.

b. *Definition of Assignment.* For the purpose of this Section 18, the word "assignment" shall be defined and deemed to include the following: (i) if Tenant is a partnership, the withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning thirty percent (30%) or more of the partnership, or the dissolution of the partnership; (ii) if Tenant consists of more than one person, an assignment, whether voluntary, involuntary, or by operation of law, by one person to one of the other persons that is a Tenant; (iii) if Tenant is a corporation, any dissolution or reorganization of Tenant, or the sale or other transfer of a controlling percentage (hereafter defined) of capital stock of Tenant other than to an affiliate or subsidiary or the sale of fifty-one percent (51%) in value of the assets of Tenant; (iv) if Tenant is a limited liability company, the change of members whose

interest in the company is fifty percent (50%) or more. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one percent (51%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, or such lesser percentage as is required to provide actual control over the affairs of the corporation; except that if the Tenant is a publicly traded company, public trades or sales of the Tenant's stock on a national stock exchange shall not be considered an assignment hereunder even if the aggregate of the trades of sales exceeds fifty percent (50%) of the capital stock of the company.

c. *Permitted Assignments/Subleases.* Notwithstanding the foregoing, Tenant may assign this Lease or sublease part or all of the Premises without Landlord's consent to: (i) any corporation, limited liability company, or partnership that controls, is controlled by, or is under common control with, Tenant at the Commencement Date; or (ii) any corporation or limited liability company resulting from the merger or consolidation with Tenant or to any entity that acquires substantially all of Tenant's assets as a going concern of the business that is being conducted on the Premises; provided however, the assignor remains liable under the Lease and the assignee or sublessee is a bona fide entity and assumes the obligations of Tenant, and continues the same Permitted Use as provided under Section 4.

d. *Notice to Landlord.* Except in the case of assignments or sublettings made pursuant to Section 18.c. above, Landlord must be given prior written notice of every assignment or subletting, and failure to do so shall be a default hereunder.

e. *Prohibited Assignments/Subleases.* In no event shall this Lease be assignable by operation of any law, and Tenant's rights hereunder may not become, and shall not be listed by Tenant as an asset under any bankruptcy, insolvency or reorganization proceedings. Acceptance of Rent by Landlord after any non-permitted assignment or sublease shall not constitute approval thereof by Landlord.

f. *Limitation on Rights of Assignee/Sublessee.* Any sublease for which Landlord's consent is required shall not include the right to exercise any options to renew the Lease Term, expand the Premises, cancel the Lease, or similar options, unless specifically provided for in the consent.

g. *Tenant Not Released.* No assignment or sublease shall release Tenant of any of its obligations under this Lease.

h. *Landlord's Right to Collect Sublease Rents upon Tenant Default.* If the Premises (or any portion) is sublet and Tenant defaults under its obligations to Landlord beyond applicable notice and cure periods, then Landlord is authorized, at its option, to collect all sublease rents directly from the Sublessee. Tenant hereby assigns the right to collect the sublease rents to Landlord in the event of Tenant default beyond applicable notice and cure periods. The collection of sublease rents by Landlord shall not relieve Tenant of its obligations under this Lease, nor shall it create a contractual relationship between Sublessee and Landlord or give Sublessee any greater estate or right to the Premises than contained in its Sublease.

i. *Excess Rents.* If Landlord consents to any assignment or sublet pursuant to this Section 18, then Tenant shall pay Landlord as Additional Rent, fifty percent (50%) of any Bonus Rent received by Tenant. For purposes of this Lease, "Bonus Rent" shall mean sums (i) which Tenant receives pursuant to the terms of the assignment or sublet which are in excess of total Rent which Tenant is obligated to pay Landlord under this Lease (to be pro-rated if only a portion of the Leased Premises is subject to such transfer); less (ii) (a) leasing commissions paid by Tenant; (b) other out-of-pocket costs paid by Tenant, including attorneys' fees, advertising costs, and expenses of improvements or other expenses of readying the Leased Premises for occupancy by the transferee; (c) any consideration paid to the transferee or any third party to induce the transferee to consummate the transfer; and (d) out-of-pocket costs paid by Tenant for reasonable tenant improvement work or allowances, and any reasonable rent concessions, all of which costs, for the purposes of determining the amounts payable to Landlord shall be amortized on a straight line basis over the term of the Lease in the case of an assignment or sublease. In no event shall Bonus Rent be payable in connection with an assignment or sublease pursuant to Section 18(c). Tenant shall provide Landlord with written invoices and receipts reasonably satisfactory to Landlord evidencing costs and expenses paid by Tenant described in clause (ii) of the immediately preceding sentence.

j. *Landlord's Fees.* Tenant shall pay Landlord $500.00 per assignment or sublease transaction in connection with an assignment or sublease for which consent is required.

k. *Unauthorized Assignment or Sublease.* Any unauthorized assignment or sublease shall constitute a default under the terms of this Lease. In addition to its other remedies for Default, Landlord may elect to increase Base Rent to 150% of the Base Rent reserved under the terms of this Lease.

19. **DAMAGES TO PREMISES.**

a. *Landlord's Restoration Obligations.* If the Building, Common Areas or Premises are damaged by fire or other casualty ("Casualty"), then Landlord shall repair and restore the Building, Common Areas and Premises to substantially the same condition immediately prior to such Casualty, subject to the following terms and conditions:

i. The casualty must be insured under Landlord's insurance policies, and Landlord's obligation is limited to the extent of the insurance proceeds received by Landlord. Landlord's duty to repair and restore the Premises shall not begin until receipt of the insurance proceeds.

ii. Landlord's lender(s) must permit the insurance proceeds to be used for such repair and restoration.

iii. Landlord shall have no obligation to repair and restore Tenant's trade fixtures, decorations, signs, contents, or any Non-Standard Improvements to the Premises.

b. *Termination of Lease by Landlord.* Landlord shall have the option of terminating the Lease if: (i) the Premises is rendered wholly untenantable; (ii) the Premises is damaged in whole or in part as a result of a risk which is not covered by Landlord's insurance policies; (iii) Landlord's lender does not permit a sufficient amount of the insurance proceeds to be used for restoration purposes; (iv) the Premises is damaged in whole or in part during the last two years of the Term; or (v) the Building containing the Premises is damaged (whether or not the Premises is damaged) to an extent of fifty percent (50%) or more of the fair market value thereof. If Landlord elects to terminate this Lease, then it shall give notice of the cancellation to Tenant within sixty (60) days after the date of the Casualty. Tenant shall vacate and surrender the Premises to Landlord within fifteen (15) days after receipt of the notice of termination, and all Rent shall be prorated through the date Tenant vacates the Premises.

c. *Termination of Lease by Tenant.* Tenant shall have the option of terminating the Lease if: (i) Landlord has failed to substantially restore the damaged Building or Premises within one hundred eighty (180) days of the Casualty ("Restoration Period") as extended by *force majeure*; and Tenant gives Landlord notice of the termination within fifteen (15) days after the end of the Restoration Period (as extended by any *force majeure* delays), or (ii) during the last year of the Term, five percent (5%) or more of the Rentable Area of the Premises is damaged or the Common Areas are damaged, such that in either case Tenant is materially impaired in its ability to conduct its business operations within the Premises as it has prior to the damage. In the event of such termination, all Rent shall be prorated through the date of Lease termination. If Landlord is delayed by *force majeure*, then Landlord must provide Tenant with notice of the delays within fifteen (15) days of the *force majeure* event stating the reason for the delays and a good faith estimate of the length of the delays.

d. *Tenant's Restoration Obligations.* Unless terminated, the Lease shall remain in full force and effect, and Tenant shall promptly repair, restore, or replace Tenant's trade fixtures, decorations, signs, contents, and any Non-Standard Improvements to the Premises. All repair, restoration or replacement shall be at least to the same condition as existed prior to the Casualty. The proceeds of all insurance carried by Tenant on its property shall be held in trust by Tenant for the purposes of such repair, restoration, or replacement.

e. *Rent Abatement.* If Premises is rendered wholly untenantable by the Casualty, then the Rent payable by Tenant shall be fully abated. If the Premises is only partially damaged, then Tenant shall continue the operation of Tenant's business in any part not damaged to the extent reasonably practicable from the standpoint of prudent business management, and Rent and other charges shall be abated proportionately to the portion of the Premises rendered untenantable. The abatement shall be from the date of the Casualty until fifteen (15) days after the Premises have been substantially repaired and restored, or until Tenant's business operations are restored in the entire Premises, whichever shall first occur. However, if the Casualty is caused by the negligence or other wrongful conduct of Tenant or of Tenant's subtenants, licensees, contractors, or invitees, or their respective agents or employees, there shall be no abatement of Rent.

f. *Waiver of Claims.* The abatement of the Rent set forth above is Tenant's exclusive remedy against Landlord in the event of a Casualty. Tenant hereby waives all claims against Landlord for any compensation or damage for loss of use of the whole or any part of the Premises and/or for any inconvenience or annoyance occasioned by any Casualty and any resulting damage, destruction, repair, or restoration.

20. **EMINENT DOMAIN.**

a. *Effect on Lease.* If substantially all of the Premises or Common Areas are taken under the power of eminent domain (or by conveyance in lieu thereof), then this Lease shall terminate as of the date possession is taken by the condemnor, and Rent shall be adjusted between Landlord and Tenant as of such date. If only a portion of the Premises or Common Areas are taken and Tenant can continue use of the remainder for operation of Tenant's business without material impairment, then this Lease will not terminate, but Rent shall abate in a just and proportionate amount to the loss of use occasioned by the taking.

b. *Right to Condemnation Award.* Landlord shall be entitled to receive and retain the entire condemnation award for the taking of the Building and Premises. Tenant shall have no right or claim against Landlord for any part of any award received by Landlord for the taking. Tenant shall have no right or claim for any alleged value of the unexpired portion of this Lease, or its leasehold estate, or for costs of removal, relocation, business interruption expense or any other damages arising out of such taking. Tenant, however, shall not be prevented from making a claim against the condemning party (but not against Landlord) for any moving expenses, loss of profits, or taking of Tenant's personal property (other than its leasehold estate) to which Tenant may be entitled; provided that any such award shall not reduce the amount of the award otherwise payable to Landlord for the taking of the Building and Premises.

21. **ENVIRONMENTAL COMPLIANCE**.

a. *Environmental Laws.* The term " Environmental Laws" shall mean all now existing or hereafter enacted or issued statutes, laws, rules, ordinances, orders, permits and regulations of all state, federal, local and other governmental and regulatory authorities, agencies and bodies applicable to the Premises, pertaining to environmental matters or regulating, prohibiting or otherwise having to do with asbestos and all other toxic, radioactive, or hazardous wastes or materials including, but not limited to, the Federal Clean Air Act, the Federal Water Pollution Control Act, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as from time to time amended.

b. *Tenant's Responsibility*. Tenant covenants and agrees that it will keep and maintain the Premises at all times in compliance with Environmental Laws. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically active or other hazardous substances, or materials on the Property in violation of Environmental Laws. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or in compliance with the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought onto the Property any such materials or substances except to use in the ordinary course of Tenant's business, and then only after notice is given to Landlord of the identity of such substances or materials. No such notice shall be required, however, for commercially reasonable amounts of ordinary office supplies and janitorial supplies. Tenant shall execute affidavits, representations and the like, from time to time, at Landlord's request, concerning Tenant's best knowledge and belief regarding the presence of hazardous substances or materials on the Premises.

c. *Tenant's Liability*. Tenant shall hold Landlord free, harmless, and indemnified from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which Landlord shall incur, or which Landlord would otherwise incur, by reason of Tenant's failure to comply with this Section 21 including, but not limited to: (i) the cost of full remediation of any contamination to bring the Property into the same condition as prior to the Commencement Date and into full compliance with all Environmental Laws; (ii) the reasonable cost of all appropriate tests and examinations of the Premises to confirm that the Premises and any other contaminated areas have been remediated and brought into compliance with all Environmental Laws; and (iii) the reasonable fees and expenses of Landlord's attorneys, engineers, and consultants incurred by Landlord in enforcing and confirming compliance with this Section 21.

d. *Limitation on Tenant's Liability.* Tenant's obligations under this Section 21 shall not apply to any condition or matter constituting a violation of any Environmental Laws: (i) which existed prior to the commencement of Tenant's use or occupancy of the Premises; (ii) which was not caused, in whole or in part, by Tenant or Tenant's agents, employees, officers, partners, contractors or invitees; or (iii) to the extent such violation is caused by, or results from the acts or neglects of Landlord or Landlord's agents, employees, officers, partners, contractors, guests, or invitees.

e. *Inspections by Landlord*. Landlord and its engineers, technicians, and consultants (collectively the "Auditors") may, from time to time as Landlord reasonably deems appropriate, upon at least ten (10) days prior

written notice, or such earlier time as appropriate if the schedule for such Audits has been set by or in cooperation with a governmental entity, or in the case of emergency, conduct periodic tests and examinations ("Audits") of the Premises to confirm and monitor Tenant's compliance with this Section 21. Such Audits shall be conducted in such a manner as to minimize the interference with Tenant's Permitted Use; however in all cases, the Audits shall be of such nature and scope as shall be reasonably required by then existing technology to confirm Tenant's compliance with this Section 21. Tenant shall reasonably cooperate with Landlord and its Auditors in the conduct of such Audits. The cost of such Audits shall be paid by Landlord unless an Audit shall disclose a material failure of Tenant to comply with this Section 21, in which case, the cost of such Audit, and the cost of all subsequent Audits made during the Term and within thirty (30) days thereafter (not to exceed two (2) such Audits per calendar year), shall be paid for on demand by Tenant.

f. *Landlord's Liability*. Landlord represents and warrants that, to the best of Landlord's knowledge, there are no hazardous materials on the Premises or in the Building as of the Commencement Date in violation of any Environmental Laws. Landlord shall indemnify and hold Tenant harmless from any liability resulting from any such violation.

g. *Property.* For the purposes of this Section 21, the term "Property" shall include the Premises, Building, all Common Areas, the real estate upon which the Building is located; all personal property (including that owned by Tenant); and the soil, ground water, and surface water of the real estate upon which the Building is located.

h. *Liability After Termination of Lease*. The covenants contained in this Section 21 shall survive the expiration or termination of this Lease, and shall continue for so long as Landlord or Tenant and its successors and assigns may be subject to any expense, liability, charge, penalty, or obligation against which Landlord or Tenant, as the case may be, has agreed to indemnify the other under this Section 21.

22. **DEFAULT.**

a. *Tenant's Default.* Tenant shall be in default under this Lease if Tenant:

i. Fails to pay when due any Base Rent, Additional rent, or any other sum of money which Tenant is obligated to pay, as provided in this Lease, within five (5) days after notice of such failure (except that Landlord shall not be required to give more than two (2) such notices in any calendar year, and after the giving of such two notices in the same calendar year, Tenant's failure to pay when due any such payment within the same calendar year shall be deemed to constitute a default without the giving of notice);

ii. Breaches any other agreement, covenant or obligation in this Lease and such breach is not remedied within fifteen (15) days after Landlord gives Tenant notice specifying the breach, or if such breach cannot, with due diligence, be cured within fifteen (15) days, Tenant does not commence curing within fifteen (15) days and with reasonable diligence completely cure the breach within a reasonable period of time after the notice;

iii. Files any petition or action for relief under any creditor's law (including bankruptcy, reorganization, or similar action), either in state or federal court, or has such a petition or action filed against it which is not stayed or vacated within sixty (60) days after filing; or

iv. Makes any transfer in fraud of creditors as defined in Section 548 of the United States Bankruptcy Code (11 U.S.C. 548, as amended or replaced), has a receiver appointed for its assets (and the appointment is not stayed or vacated within thirty (30) days), or makes an assignment for benefit of creditors.

b. *Landlord's Remedies.* In the event of a Tenant default which continues beyond applicable notice and cure periods, Landlord at its option may do one or more of the following:

i. Terminate this Lease and recover all damages caused by Tenant's breach, including consequential damages for lost future rent;

ii. Repossess the Premises, with or without terminating, and relet the Premises at such amount as Landlord deems reasonable;

iii. Declare the entire remaining Base Rent and Additional Rent immediately due and payable, less the reasonable amount of rent which Tenant proves could be recovered by reletting the Premises for the remainder of the Term, with both such amounts discounted to present value at a discount rate equal to the U.S. Treasury Bill or Note rate with the closest maturity to the remaining term of the Lease as selected by Landlord;

iv. Bring action for recovery of all amounts due from Tenant;

v. Seize and hold any personal property of Tenant located in the Premises and assert against the same a lien for monies due Landlord;

vi. Pursue any other remedy available in law or equity.

c. *Landlord's Expenses; Attorneys Fees.* All reasonable expenses of Landlord in repairing, restoring, or altering the Premises for reletting as general office space, together with leasing fees and all other expenses in seeking and obtaining a new Tenant, shall be charged to and be a liability of Tenant. The prevailing party's reasonable attorneys' fees in pursuing any remedy under this Lease, or in collecting any Rent or Additional Rent or other amount due under this Lease, shall be paid by the other party.

d. *Remedies Cumulative.* All rights and remedies provided in this Lease are cumulative, and the exercise of any one shall not be an election excluding any other remedy. No exercise by Landlord of any right or remedy granted herein shall constitute or effect a termination of this Lease unless Landlord shall so elect by notice delivered to Tenant. The failure of either party to exercise its rights in connection with this Lease or any breach or violation of any term, or any subsequent breach of the same or any other term, covenant or condition herein contained shall not be a waiver of such term, covenant or condition or any subsequent breach of the same or any other covenant or condition herein contained.

e. *No Accord and Satisfaction.* No acceptance of a lesser sum than the Rent, Additional Rent and other sums then due shall be deemed to be other than on account of the earliest installment of such payments due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed as accord and satisfaction, and the Payee may accept such check or payment without prejudice to Payee's right to recover the balance of such installment or pursue any other remedy provided in this Lease.

f. *No Reinstatement.* No payment of money by Tenant to Landlord after the expiration or termination of this Lease shall reinstate or extend the Term, or make ineffective any notice of termination given to Tenant prior to the payment of such money. After the service of notice or the commencement of a suit, or after final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums due under this Lease, and the payment thereof shall not make ineffective any notice or in any manner affect any pending suit or any judgment previously obtained.

g. *Summary Ejectment.* Tenant agrees that in addition to all other rights and remedies Landlord may obtain an order for summary ejectment from any court of competent jurisdiction without prejudice to Landlord's rights to otherwise collect rents or breach of contract damages from Tenant.

23. **MULTIPLE DEFAULTS.**

a. *Loss of Option Rights.* Tenant acknowledges that any rights or options of first refusal, or to extend the Term, to expand the size of the Premises, to purchase the Premises or the Building, or other similar rights or options which have been granted to Tenant under this Lease are conditioned upon the prompt and diligent performance of the terms of this Lease by Tenant. Accordingly, should Tenant default under this Lease beyond applicable notice and cure periods on three (3) or more occasions during any twelve (12) month period, in addition to all other remedies available to Landlord, all such rights and options shall automatically, and without further action on the part of any party, expire and be of no further force and effect.

b. *Effect on Notice Rights and Cure Periods.* Should Tenant default under this Lease beyond applicable notice and cure periods on three (3) or more occasions during any twelve (12) month period, in addition to all other remedies available to Landlord, any notice requirements or cure periods otherwise set forth in this Lease with respect to a subsequent default by Tenant within such twelve (12) month period shall not apply.

24. **BANKRUPTCY**.

a. *Trustee's Rights.* Landlord and Tenant understand that, notwithstanding contrary terms in this Lease, a trustee or debtor in possession under the United States Bankruptcy Code, as amended, (the "Code") may have certain rights to assume or assign this Lease. This Lease shall not be construed to give the trustee or debtor in possession any rights greater than the minimum rights granted under the Code.

b. *Adequate Assurance*. Landlord and Tenant acknowledge that, pursuant to the Code, Landlord is entitled to adequate assurances of future performance of the provisions of this Lease. The parties agree that the term "adequate assurance" shall include at least the following:

i. In order to assure Landlord that any proposed assignee will have the resources with which to pay all Rent payable pursuant to the provisions of this Lease, any proposed assignee must have, as demonstrated to Landlord's satisfaction, a net worth (as defined in accordance with generally accepted accounting principles consistently applied) of not less than the net worth of Tenant on the Effective Date (as hereinafter defined), increased by seven percent (7%), compounded annually, for each year from the Effective Date through the date of the proposed assignment. It is understood and agreed that the financial condition and resources of Tenant were a material inducement to Landlord in entering into this Lease.

ii. Any proposed assignee must have been engaged in the conduct of business for the five (5) years prior to any such proposed assignment, which business does not violate the Use provisions under Section 4 above, and such proposed assignee shall continue to engage in the Permitted Use under Section 4. It is understood that Landlord's asset will be substantially impaired if the trustee in bankruptcy or any assignee of this Lease makes any use of the Premises other than the Permitted Use.

c. *Assumption of Lease Obligations.* Any proposed assignee of this Lease must assume and agree to be bound by the provisions of this Lease.

25. **NOTICES**.

a. *Addresses.* All notices, demands and requests by Landlord or Tenant shall be sent to the Notice Addresses set forth in Section 1m, or to such other address as a party may specify by duly given notice.

b. *Form; Delivery; Receipt.* **ALL NOTICES, DEMANDS AND REQUESTS WHICH MAY BE GIVEN OR WHICH ARE REQUIRED TO BE GIVEN BY EITHER PARTY TO THE OTHER MUST BE IN WRITING UNLESS OTHERWISE SPECIFIED.** Notices, demands or requests shall be deemed to have been properly given for all purposes if (i) delivered against a written receipt of delivery, (ii) mailed by express, registered or certified mail of the United States Postal Service, return receipt requested, postage prepaid, or (iii) delivered to a nationally recognized overnight courier service for next business day delivery to the receiving party's address as set forth above. Each such notice, demand or request shall be deemed to have been received upon the earlier of the actual receipt or refusal by the addressee or three (3) business days after deposit thereof at any main or branch United States post office if sent in accordance with subsection (ii) above, and the next business day after deposit thereof with the courier if sent pursuant to subsection (iii) above.

c. *Address Changes.* The parties shall notify the other of any change in address, which notification must be at least fifteen (15) days in advance of it being effective.

d. *Notice by Legal Counsel.* Notices may be given on behalf of any party by such party's legal counsel.

26. **HOLDING OVER**. If Tenant holds over after the Expiration Date or other termination of this Lease, such holding over shall not be a renewal of this Lease but shall create a tenancy-at-will. Tenant shall continue to be bound by all of the terms and conditions of this Lease, except that during such tenancy-at-will Tenant shall pay to Landlord (i) Base Rent at the rate equal to one hundred and fifty percent (150%) of that provided for as of the expiration or termination date, and (ii) any and all Operating Expenses and other forms of Additional Rent payable under this Lease.

27. **RIGHT TO RELOCATE**. [INTENTIONALLY OMITTED]

28. **BROKER'S COMMISSIONS**.

a. *Broker*. Each party represents and warrants to the other that it has not dealt with any real estate broker, finder or other person with respect to this Lease in any manner, except the Broker identified in Section 1m.

b. *Landlord's Obligation.* Landlord shall pay any commissions or fees that are payable to the Broker with respect to this Lease pursuant to Landlord's separate agreement with the Broker.

c. *Indemnity.* Each party shall indemnify and hold the other party harmless from any and all damages resulting from claims that may be asserted against the other party by any other broker, finder or other person (including, without limitation, any substitute or replacement broker claiming to have been engaged by indemnifying party in the future), claiming to have dealt with the indemnifying party in connection with this Lease. The provisions of this Section shall survive the termination of this Lease.

29. **MISCELLANEOUS**.

a. *No Agency.* Tenant is not, may not become, and shall never represent itself to be an agent of Landlord, and Tenant acknowledges that Landlord's title to the Building is paramount, and that it can do nothing to affect or impair Landlord's title.

b. *Force Majeure.* The term "*force majeure*" means: fire, flood, extreme weather, labor disputes, strike, lock-out, riot, government interference (including regulation, appropriation or rationing), unusual delay in governmental permitting, unusual delay in deliveries or unavailability of materials, unavoidable casualties, Act of God, or other causes beyond the obligor's reasonable control.

c. *Building Standard Improvements.* The term "Building Standard Improvements" shall mean the descriptive narrative of building standards described in Section 2 of the Work Letter.

d. *Limitation on Damages*. Notwithstanding any other provisions in this Lease, neither party shall be liable to the other for any special, consequential, incidental or punitive damages.

e. *Satisfaction of Judgments Against Landlord.* If Landlord, or its employees, officers, directors, stockholders or partners are ordered to pay Tenant a money judgment because of Landlord's default under this Lease, said money judgment may only be enforced against and satisfied out of: (i) Landlord's interest in the Building in which the Premises are located including the rental income and proceeds from sale; (ii) prepaid estimated Additional Rent; and (iii) any insurance or condemnation proceeds received because of damage or condemnation to, or of, said Building that are available for use by Landlord. No other assets of Landlord or said other parties exculpated by the preceding sentence shall be liable for, or subject to, any such money judgment.

f. *Interest.* Should either party fail to pay any amount due to the other within 30 days of the date such amount is due (whether Base Rent, Additional Rent, or any other payment obligation), then the amount due shall begin accruing interest at the rate of 18% per annum, compounded monthly, or the highest permissible rate under applicable usury law, whichever is less, until paid.

g. *Legal Costs.* Should one party to this Lease prevail in any legal proceedings against the other for breach of any provision in this Lease, then the non-prevailing party shall be liable for the costs and expenses of the prevailing party, including its reasonable attorneys' fees (at all tribunal levels).

h. *Sale of Premises or Building.* Landlord may sell the Premises or the Building without affecting the obligations of Tenant hereunder; upon the sale of the Premises or the Building, Landlord shall be relieved of all responsibility for the Premises and shall be released from any liability thereafter accruing under this Lease, provided the entity succeeding to Landlord's interest with respect thereto shall assume all obligations of Landlord under this Lease accruing after such transfer.

i. *Time of the Essence*. Time is of the essence in the performance of all obligations under the terms of this Lease.

j. *Tender of Premises.* The delivery of a key or other such tender of possession of the Premises to Landlord or to an employee of Landlord shall not operate as a termination of this Lease or a surrender of the Premises unless requested in writing by Landlord.

k. *Financial Statements.* If Tenant's financial statements cease to be publicly available, then upon request of Landlord, Tenant agrees to furnish to Landlord copies of Tenant's most recent annual and quarterly financial statements, audited if available. The financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied. The financial statements shall include a balance sheet and a statement of profit and loss, and the annual financial statement shall also include a statement of changes in financial position and appropriate explanatory notes. Landlord may deliver the financial statements to any prospective or existing mortgagee or purchaser of the Building.

l. *Recordation.* This Lease may not be recorded without Landlord's prior written consent, but Tenant and Landlord agree, upon the request of the other party, to execute a memorandum hereof for recording purposes.

m. *Partial Invalidity.* The invalidity of any portion of this Lease shall not invalidate the remaining portions of the Lease.

n. *Binding Effect.* This Lease shall be binding upon the respective parties hereto, and upon their heirs, executors, successors and assigns.

o. *Entire Agreement.* This Lease supersedes and cancels all prior negotiations between the parties, and no changes shall be effective unless in writing signed by both parties. Tenant acknowledges and agrees that it has not relied upon any statements, representations, agreements or warranties except those expressed in this Lease, and that this Lease contains the entire agreement of the parties hereto with respect to the subject matter hereof.

p. *Good Standing*. If requested by Landlord, Tenant shall furnish appropriate legal documentation evidencing the valid existence in good standing of Tenant, and the authority of any person signing this Lease to act for the Tenant. If Tenant signs as a corporation, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing corporation, that Tenant has and is qualified to do business in the State in which the Premises are located, that the corporation has a full right and authority to enter into this Lease and that each of the persons signing on behalf of the corporation is authorized to do so. Landlord hereby represents to Tenant that Landlord has full right and authority to enter into this Lease and that each of the persons signing this Lease on Landlord's behalf is authorized to do so.

q. *Terminology*. The singular shall include the plural, and the masculine, feminine or neuter includes the other.

r. *Headings.* Headings of sections are for convenience only and shall not be considered in construing the meaning of the contents of such section.

s. *Choice of Law*. This Lease shall be interpreted and enforced in accordance with the laws of the State in which the Premises are located.

t. *Effective Date.* The submission of this Lease to Tenant for review does not constitute a reservation of or option for the Premises, and this Lease shall become effective as a contract only upon the execution and delivery by both Landlord and Tenant. The date of execution shall be entered on the top of the first page of this Lease by Landlord, and shall be the date on which the last party signed the Lease, or as otherwise may be specifically agreed by both parties. Such date, once inserted, shall be established as the final day of ratification by all parties to this Lease, and shall be the date for use throughout this Lease as the "Effective Date".

u. *Interlineation*. Whenever in this Lease any printed portion has been stricken, whether or not any related provision has been added, Landlord and Tenant specifically agree that this Lease shall be construed as if the provisions or material so stricken were never included herein, and that no inference shall be drawn from the provisions or material so stricken that would be inconsistent in any way with the construction or interpretation of this Lease which would be appropriate if such provisions or material had never been contained herein. Landlord and Tenant further agree that no inference shall be drawn from any provisions or material added that would be inconsistent in any way with the construction or interpretation of this Lease that would be appropriate if such provisions or material had been included in the original version of the Lease.

v. *Patriot Act Representation.* Landlord and Tenant represent and warrant to each other that it is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and that it is not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation.

w. *Landlord's Default.* If Landlord defaults in the performance of any of its obligations under this Lease, which default results in a condition which materially interferes with Tenant's conduct of its business, and such default is not attributable to (i) adherence to Laws; (ii) the negligent or intentional act or neglect of Tenant or its agents, employees, contractors, subtenants, licensees or invitees; or (iii) Force Majeure or any other cause not within the reasonable control of Landlord, and such default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default (except in case of emergency, following which such default continues for two business days after receipt of such notice), or if such default requires more than thirty (30) days to cure, then if Landlord fails to commence curing such default within the thirty (30) day period or fails to thereafter diligently continue curing such default until completion, then Tenant, in addition to all other rights or remedies which Tenant is entitled to under this Lease, at law or in equity, and provided Tenant is not in default hereunder beyond applicable notice and cure periods, shall have the right to do or cause to be done, on behalf of and for the account of Landlord, whatever Landlord is obligated to do under the terms of this Lease, and Landlord agrees to reimburse Tenant on demand for any and all costs and expenses which Tenant may incur in thus effecting compliance with Landlord's obligations under this Lease, not to exceed in the aggregate the amount of one month's Base Rent, together with Interest through the date such reimbursement is received by Tenant, and if Landlord fails to make such reimbursement within ten (10) days after demand for such reimbursement, Tenant may deduct such costs and expenses from any Rent thereafter accruing hereunder up to the maximum set-off described herein; provided, however, if Landlord in good faith disputes the occurrence of the default or Tenant's right to offset the amount claimed, Tenant shall have the right, until such dispute is resolved, to offset only the amount that is not in dispute. Before doing any work on, to or affecting the roof of the Building, Tenant agrees to give Landlord three (3) day's written notice thereof (except in the event of an emergency, when a the two-business-day notice described above shall suffice, provided such notice notifies Landlord of Tenant's intent to do work on, to or affecting the roof of the Building), setting forth the time such work will be performed, and Landlord shall have the right to be present when such work is performed.

x. *Cable Television Access Facilities.* Landlord will cooperate to provide cable television access facilities to the Building in accordance with it license agreement with Time Warner. Tenant shall coordinate with the service provider bringing service to the Premises, which shall be at Tenant's expense. Landlord will permit Tenant the ability to install a rooftop satellite antenna from which Tenant will have the ability to access television signals. All such access to and use of the roof of the Building will be conducted pursuant to the Rooftop License Agreement attached hereto as **Exhibit D**.

30. **SPECIAL CONDITIONS**. The following special conditions, if any, shall apply, and where in conflict with earlier provisions in this Lease shall control:

None.

31. **ADDENDA AND EXHIBITS.** If any addenda are noted below, such addenda are incorporated herein and made a part of this Lease.

a. Lease Addendum Number One - "Work Letter"
b. Lease Addendum Number One - A - "Building Standard Improvements"
c. Lease Addendum Number One - B -- "Approved Space Plan"
d. Lease Addendum Number One - C - "Mini-Blind Layout"
e. **Lease Addendum Number Two - "Additional Rent - Operating Expense Pass Throughs"**
f. **Lease Addendum Number Two -A- "Annual Statement Form"**
g. Lease Addendum Number Three - "Option to Renew Lease Term"
h. Lease Addendum Number Four - "Intentionally Omitted"
i. Lease Addendum Number Five - "Tenant Parking Agreement"
j. Lease Addendum Number Five -A-- "Location of Reserved Parking, LakePointe Two Garage"
k. Lease Addendum Number Five - B - "Parking Reserved for Other Tenants, LakePointe Two Garage"
l. Lease Addendum Number Six - "Radon"

m. **Lease Addendum Number Seven - "Right of First Offer"**
n. **Lease Addendum Number Seven - A - "First Floor: Right of First Offer Space"**
o. **Lease Addendum Number Seven - B - "Third Floor: Right of First Offer Space"**
p. **Lease Addendum Number Eight—"Cleaning Specifications"**
q. **Exhibit A - Premises**
r. **Exhibit B - Rules and Regulations**
s. **Exhibit C - Commencement Agreement**
t. **Exhibit D - Rooftop License Agreement**
u. **Exhibit E - Monument Signage**
v. **Exhibit F - Subordination, Non-Disturbance and Attornment Agreement**

IN WITNESS WHEREOF, Landlord and Tenant have executed this lease in three originals, all as of the day and year first above written.

WITNESSES:

/s/ Alice Grimm

Alice Grimm
Print Name

/s/ Sue E. Wallace

Sue E. Wallace
Print Name

LANDLORD:
HIGHWOODS/FLORIDA HOLDINGS, L.P.
a Delaware limited partnership

By: Highwoods/Florida GP Corp.,
its general partner

By: /s/ Stephen A. Meyers
Stephen A. Meyers
Title: Vice President - Tampa

Date: 7-1-04

WITNESSES:

/s/ Laurel L. Grammig

Laurel L. Grammig
Print Name

/s/ Pam Duval

Pam Duval
Print Name

TENANT:
BROWN & BROWN, INC.

By: /s/ C. Roy Bridges
C. Roy Bridges
Title: Regional Executive Vice President

Date: 6-25-04

LEASE ADDENDUM NUMBER ONE [ALLOWANCE]

WORK LETTER. This Lease Addendum Number One (the "First Addendum") sets forth the rights and obligations of Landlord and Tenant with respect to space planning, engineering, final workshop drawings, and the construction and installation of any improvements to the Premises to be completed before the Commencement Date ("Tenant Improvements"). This First Addendum contemplates that the performance of this work will proceed in four stages in accordance with the following schedule: (i) preparation of a space plan; (ii) final design and engineering and preparation of final plans and working drawings; (iii) preparation by the Contractor (as hereinafter defined) of an estimate of the additional cost of the initial Tenant Improvements; (iv) submission and approval of plans by appropriate governmental authorities and construction and installation of the Tenant Improvements by the Delivery Date.

In consideration of the mutual covenants hereinafter contained, Landlord and Tenant do mutually agree to the following:

1. **Allowance.** Landlord agrees to provide an allowance of $22.00 per rentable square foot, to design, engineer, install, supply and otherwise to construct the Tenant Improvements in the Premises that will become a part of the Building (the "Allowance"). Tenant is fully responsible for the payment of all costs in connection with the Tenant Improvements in excess of the Allowance. This Allowance is available to Tenant for Tenant's use only within one (1) year after the Commencement Date (the "Allowance Use Date"). Any portion of the Allowance not used by Tenant by the Allowance Use Date shall automatically terminate and be of no further use to Tenant. Notwithstanding the first sentence of this paragraph, Tenant may utilize up to $5.00 per rentable square foot of the Allowance towards costs associated with moving (the "Moving Cost"), and Landlord shall pay the invoices of Tenant's movers (but not in excess of $5.00 per rentable square foot) within thirty (30) days after receipt of such invoices together with Tenant's written instruction to pay the amount set forth in such invoices. At Tenant's request, any portion of the Allowance which Tenant is entitled to require Landlord to pay toward the Moving Costs but which Tenant has not required Landlord to pay shall be credited toward Tenant's next payment(s) of monthly Base Rent.

2. **Space Planning, Design and Working Drawings.** Tenant's architect, Urban Studios (or other architect or engineer selected by Tenant) (the "Architect"), will do the following at Tenant's expense (which expense may be deducted from the Allowance):

a. Prepare space plans and designs, engineering and construction plans for the Tenant Improvements to the Premises. Landlord has furnished Tenant and Architect base building drawings and documents recently created by Dimensions Plus. A descriptive narrative of building standard materials ("Building Standard Improvements") is attached hereto as Lease Addendum Number One-A.

b. Attend a reasonable number of meetings with Tenant to define Tenant's requirements.

c. Complete construction drawings for Tenant's partition layout, reflected ceiling grid, telephone and electrical outlets, keying, and finish schedule.

d. Complete mechanical plans where necessary (for installation of air conditioning system and duct work, and heating and electrical facilities) for the work to be done in the Premises.

e. All plans and working drawings for the construction and completion of the Premises (the "Plans") shall be subject to Landlord's prior written approval not to be unreasonably withheld, delayed or conditioned. Landlord shall, within ten (10) days after receipt thereof from Tenant, either: (i) approve the Plans without modification but subject to the Long Lead Conditions set forth below, or (ii) approve the Plans subject to modification to address Landlord's reasonable and detailed comments and objections thereto (which will include recommended modifications to resolve such objections), and subject further to the Long Lead Conditions, and Tenant will provide Landlord with any additional information requested as soon as practicable. Thereafter Landlord and Tenant will work diligently to reach agreement on changes to be made to the Plans. If Landlord fails to respond within such ten (10) day period set forth above, Landlord shall be deemed to have approved the submitted Plans, subject to the Long Lead Conditions.

If the Contractor bid selection process reveals that the Plans contain design elements or require materials that would delay Landlord's delivery of the Premises to Tenant by up to thirty (30) days after the scheduled Delivery Date, Landlord may by written notice to Tenant included in Landlord's submittal of the bids to

Tenant, condition its approval of the Plans (the "Long Lead Conditions") on Tenant's accepting responsibility for delay (specifically identifying such design elements or materials and the number of days of anticipated delay), and Landlord may condition its approval of the Plans on Tenant accepting responsibility for any additional costs if the estimated cost for any improvements under the Plans is more than the Allowance (specifically identifying the additional estimated cost for such improvements). If the Contractor bid selection process reveals that the Plans contain design elements or require materials that would delay Landlord's delivery of the Premises to Tenant by more than thirty (30) days after the scheduled Delivery Date, Landlord and Tenant shall fully cooperate in substituting reasonably equivalent design elements or materials to permit Landlord to deliver the Premises by the Delivery Date. Tenant will be responsible for any additional costs associated with such substitutions.

f. The Plans shall be prepared in conformity with all Laws, including, without limitation, the ADA.

g. Any changes or modifications Tenant desires to make to the Plans which require resubmittal to the permitting agency or which involve a change in use or function of any portion of the Initial Premises shall also be subject to Landlord's prior approval as set forth in subsection d. above.

h. Notwithstanding anything to the contrary set forth herein, Landlord shall have the right to approve or disapprove any improvements that will be visible to the exterior of the Premises, or which may affect the structural, mechanical, electrical or plumbing systems of the Building, which approval will not be unreasonably withheld, conditioned or delayed.

3. **Tenant Plan Delivery Date.**

a. As of the date of this Lease, Tenant and Landlord have not approved a final space plan but agree that the final plan will be similar to the conceptual space plan attached hereto as Lease Addendum Number One-B.

b. Tenant covenants and agrees to work with Architect so that final Plans for the Tenant Improvements meeting all requirements of the City of Tampa (but which shall not require Tenant's finish schedule unless required by the City of Tampa) are delivered to Landlord not later than November 1, 2004 (the "Tenant Plan Delivery Date"), and Tenant's finish schedule shall be delivered to Landlord within sixty (60) days thereafter. Time is of the essence in the delivery of the final Plans. Tenant agrees to obtain from Architect and provide to Landlord preliminary Plans when the Plans are approximately 65% complete. Tenant acknowledges that it is vital the final Plans be delivered to Landlord by the Tenant Plan Delivery Date in order to allow Landlord sufficient time to review such Plans, to discuss with Tenant any changes therein which Landlord believes to be necessary or desirable, to enable the Contractor to prepare an estimate of the cost of the Tenant Improvements, to obtain required permits, and to substantially complete the Tenant Improvements within the time frame provided in the Lease.

4. TI Work and Materials at Tenant's Expense. On Tenant's behalf, Landlord shall select a licensed general contractor or contractors (the "Contractor") to construct and install the Tenant Improvements in accordance with the Plans (the "TI Work") at Tenant's expense (which expense may be deducted from the Allowance). Landlord shall competitively bid construction of the TI Work to a minimum of three (3) qualified general contractors, and shall select the qualified low bidder. Tenant shall have the right to recommend qualified general contractors to participate in the bidding process and the right to review all bids, such review not to exceed five (5) business days from Landlord's submission to Tenant. Landlord will inform Tenant of the identity of the Contractors on Landlord's bid list. Landlord shall coordinate and facilitate all communications between Tenant and the Contractor.

a. Prior to entering into a contract with the successful bidder or commencing the TI Work, Landlord shall submit to Tenant the bid of the successful contractor that shall include the Contractor's cost for completing the TI Work (including the Contractor's general conditions, overhead and profit), the Contractor's defined general conditions and mechanism for determining fee mark-ups for change orders, and any changes to the scheduled completion date from that contemplated by Landlord and Tenant. Tenant shall have five (5) business days to review and approve the cost of the TI Work. Landlord shall not authorize the Contractor to proceed with the TI Work until the cost is mutually agreed upon and approved in writing and delivered to Landlord. Thereafter, Landlord will enter into a guaranteed maximum price construction contract with the successful bidder (the "Construction Contract"). Tenant shall not be responsible (either through application of the Allowance or otherwise) for costs in excess of the amount so approved unless Tenant authorizes a Change under subsection 4.b., below or the excess costs result from Tenant's design errors.

b. At any time after Landlord's final approval of the Plans, Tenant may authorize changes or modifications to the Plans, which authorization must be in writing, signed by Tenant ("Changes" or "Change Order"). Within five (5) business days after the Tenant notifies the Landlord of the requested Change Order, Landlord shall deliver to Tenant an analysis of the additional cost or savings involved, and the impact on the Tenant Improvement schedule, if any. Calculation of the additional cost or savings shall be based upon the terms of the approved Construction Contract. If Tenant fails to approve in writing the Landlord's submission within two (2) business days following receipt thereof, the same shall be deemed disapproved by Tenant and Landlord shall not make the Change. If Landlord fails to timely provide a statement of the delay with the estimated cost or savings to make the change associated with any requested Change, or if the delay as anticipated in Landlord's notice fails to occur, Landlord will not be permitted to claim any such delay. Tenant agrees to process Change Orders in a timely fashion. Tenant acknowledges that the following items may also result in Change Orders:

i. Municipal or other governmental inspectors require changes to the Tenant Improvements. In such event, Landlord will notify the Tenant of the required changes, and the cost of such changes and the responsibility for any delay resulting therefrom shall be the responsibility of the (A) Tenant, if the required changes result from Tenant's design, or (B) Landlord, if the required changes result from the construction of the Tenant Improvements.

ii. Materials which Landlord identified in writing to Tenant as long-lead items at the time of Contractor bid selection are not readily available, require quick ship charges, or require substitution.

iii. Due to a delay caused by Tenant, the upfit schedule requires expedited review to get permits, which will increase the costs of the permitting process.

c. Landlord shall ensure that all TI Work and Landlord Work shall be performed in a good and workmanlike manner and in accordance with all applicable Laws and regulations and with the final approved Plans. Landlord will supervise and coordinate all construction. All Tenant Improvements shall be deemed the property of Landlord upon construction or installation.

5. **Signage and Keys.** Landlord shall provide the following in accordance with building standards at Tenant's Expense (which expense may be deducted from the Allowance): (i) door and directory signage; (ii) suite and Building keys or entry cards.

6. Commencement Date.

a. The Commencement Date shall be the earlier of (i) the date on or after May 15, 2005, which is thirty (30) days after the Delivery Date, and (ii) the date Tenant begins fully staffed operation of business in all portions of the Premises. Landlord will proceed diligently and make commercially reasonable efforts to achieve a Delivery Date of not later than April 1, 2005. The Delivery Date shall be the date when both the TI Work and Landlord's Work have been substantially completed in accordance with this Work Letter (excluding items of work and adjustment of equipment and fixtures that can be completed after the Premises are occupied without causing material interference with Tenant's use of the Premises -- i.e., "punch list items"). As used herein, "substantially completed" shall mean the earlier of: (i) the date Landlord has the Premises ready for occupancy by Tenant as evidenced by (a) a permanent or temporary Certificate of Occupancy, and (b) a certificate of substantial completion as to the TI Work and Landlord's Work as issued by the Ludwig Group, Inc., with the fee for issuance of such certificate being shared equally by Landlord and Tenant, or (ii) the date Landlord could have substantially completed the TI Work and Landlord's Work had there been no Excused Delays. Landlord will permit Tenant access to the Building and Premises on and after April 1, 2005 (regardless of whether Delivery Date has occurred) for the purpose of installing cabling and other fixtures and equipment. Landlord will deliver to Tenant possession of the Premises on the Delivery Date for Tenant's set-up, installation of furniture and equipment, move-in, and start-up of business operations. Such early occupancy and use of the Premises by Tenant will be done in coordination with Landlord and Contractor and will be carried out with the minimum of interruption and disruption of Contractor's construction, and will be subject to the reasonable requirements of Landlord and Contractor. If Landlord fails to achieve Delivery Date by April 15, 2005 other than as a result of *force majeure* or Excused Delay, the Commencement Date will be delayed one day for each such day or delay, and beginning on the Commencement Date, Landlord will reimburse Tenant the amount of Tenant's holdover premium charged by Tenant's existing landlord under its existing lease, in an amount of up to $51,395.78 per month, plus sales tax (except that if Tenant's existing landlord has notified Tenant that it is negotiating with a prospective lessee of Tenant's premises under the existing lease, the holdover premium for which Landlord shall reimburse Tenant may be up to $103,505.56 per month, as more specifically provided in Section 18 of Tenant's existing lease).

b. Notwithstanding the foregoing, if Landlord shall be delayed in delivering possession of the Premises as a result of:

i. Tenant’s failure to approve the space plan within the time specified;

ii. Tenant's failure to furnish to Landlord the final Plans on or before the Tenant Plan Delivery Date;

iii. Tenant's failure to approve Landlord's cost estimates within the time specified;

iv. Tenant’s failure to timely respond to change orders;

v. Tenant's changes in the Tenant Improvements or the Plans (notwithstanding Landlord's approval of any such changes);

vi. Tenant's request for changes in or modifications to the Plans subsequent to the Tenant Plan Delivery Date;

vii. Inability to obtain materials, finishes or installations requested by Tenant that are not part of the Building Standard Improvements and which were identified as long lead items by Landlord as part of its comments to the Contractor bid selection process;

viii. The performance of any work by any person, firm or corporation employed or retained by Tenant; or

ix. Any other act or omission by Tenant or its agents, representatives, and/or employees (the items in subsections 6(b)(i-ix) shall sometimes be referred to herein collectively as the “Excused Delays”);

then, in any such event, for purposes of determining the Delivery Date, the Premises shall be deemed to have been delivered to Tenant on the date that Landlord and the Ludwig Group, Inc., determine that the TI Work and Landlord Work would have been substantially completed and ready for delivery if such Excused Delays had not occurred. Any Excused Delay must be claimed by Landlord by reasonable written notice to Tenant within five (5) business days after it became aware (or in the exercise of reasonable diligence should have been aware) of the event claimed to be such a delay.

7. **Tenant Improvement Expenses in Excess of the Allowance.** Tenant agrees to pay to Landlord, promptly upon being billed therefor, all costs and expenses in excess of the Allowance incurred in connection with the TI Work. Tenant will be billed for such costs and expenses as follows: (i) **fifty percent (50%)** of such costs and expenses shall be due and payable upon Tenant's approval of the cost estimates for the Tenant Improvements; and (ii) **fifty percent (50%)** of such costs and expenses shall be due and payable when such work is substantially completed and the Premises are ready for delivery to Tenant. Within one sixty (60) days after the Commencement Date, Landlord shall deliver to Tenant a final reconciliation of costs and expenses paid in connection with the TI Work.

8. **Landlord Work**. Landlord shall complete the following work (“Landlord’s Work”) in compliance with Laws, and at its sole cost and expense, within time periods necessary to coordinate with and not delay construction of the TI Work (with all such Landlord Work completed by the Delivery Date):

a. Retrofit of VAV boxes with new Alerton system (digital control system for HVAC).

b. Refurbished restrooms on the fourth (4^{th}) floor. Such restrooms shall have adequate ventilation and exhaust and the urinals and toilets shall be refurbished and in proper working order and shall be similar to what has been completed on the first floor. Landlord will have construction drawings for such restrooms completed and submitted for permit approval not later than September 1, 2004.

c. Landlord shall install a supplemental HVAC unit, the specifications of which shall be reasonably agreeable to Landlord and Tenant, on the rooftop, which unit will be separately metered. Any costs associated with installing and metering supplemental HVAC for Tenant's equipment rooms shall be funded by the Allowance.

d. Sprinkler system in Premises with main loop installed and ready for final drops.

e. Fully operable fire protection and life safety systems supporting the Premises and Common Areas, into which Tenant may connect its smoke detectors, strobes, speaker system, panels, and like items within the Premises at no additional cost, charge or expense, but the cost of connection those items to the life safety systems and the cost of those items themselves will be part of the Allowance. Any upgrades to the Base Building systems necessary to accommodate such items and meet current code will be conducted at Landlord's expense.

f. Base Building window treatments, specifically, mini-blinds, on all office and conference room windows (including atrium windows). The mini-blinds shown on Lease Addendum Number One - C will be replaced, and all others will be in good condition and appearance and in good working order.

g. Landlord shall demolish and remove existing improvements from the plenum of the Premises in accordance with Tenant's mechanical engineering plan (including without limitation, demolition and removal of the PA system, as well as non-building standard electrical equipment, HVAC ductwork, VAV boxes and related equipment, and cabling). Landlord shall also demolish and remove from the Premises the data racks, the UPS equipment and the raised flooring.

h. Landlord will ensure that the Building envelope is watertight, and will repair all water damage to windows and drywall to effect such assurance.

i. A fully installed and operational heating, ventilating and air conditioning (HVAC) system which shall incorporate interior variable air volume (VAV) distribution and fan powered variable air volume (FPVAV) exterior distribution.

j. Landlord shall provide electrical power at points of supply identified in the Plans at no less than 2.55 watts per square foot of rentable area on 120/208 volt, three-phase/four-wire circuits, and no less than 2.55 watts per square foot of rentable area on 277/480 volt, three-phase/four-wire circuits. Landlord represents that the 277/488 volt, three-phase main power available to the Building is 8 watts per foot of rentable area. This total wattage includes, but is not limited to, applying power for the Building, i.e. mechanical, elevators, lighting systems and low voltage power electrical outlets.

k. One (1) 2" domestic water line to Building and Premises at 60 PSI.

Landlord shall supply utilities and use of freight elevators during Tenant's construction and move-in period at no additional charge. Landlord will provide Tenant and Tenant's contractors or vendors access to chasers, risers and ceiling areas for installation of wiring, plumbing and equipment.

9. **Repairs and Corrections.** Landlord shall provide Tenant a one-year warranty from the date of delivery of the Premises for defective workmanship and materials. All manufacturers' and builders' warranties with respect to the Work shall be issued to or transferred without recourse to both Landlord and Tenant. Tenant shall repair or correct any defective work or materials installed by Tenant or any contractor other than the Contractor selected by Landlord, or any work or materials that prove defective as a result of any act or omission of Tenant or any of its employees, agents, invitees, licensees, subtenants, customers, clients, or guests.

10. **Inspection of Premises; Possession by Tenant.** Prior to taking possession of the Premises, Tenant and Landlord shall inspect the Premises and Tenant shall give Landlord notice of any defects or incomplete work ("Punchlist"). Tenant's possession of the Premises constitutes acknowledgment by Tenant that the Premises are in good condition and that all work and materials provided by Landlord are satisfactory as of such date of occupancy, except as to (i) any defects or incomplete work set forth in the Punchlist, (ii) latent defects, and (iii) any equipment that is used seasonally if Tenant takes possession of the Premises during a season when such equipment is not in use.

11. **Access During Construction.** During construction of the Tenant Improvements and with prior approval of Landlord, Tenant shall be permitted reasonable access to the Premises for the purposes of taking measurements, making plans, installing trade fixtures, and doing such other work as may be appropriate or desirable to enable Tenant to assume possession of and operate in the Premises; provided, however, that such access does not interfere with or delay construction work on the Premises and does not include moving furniture or similar items into the Premises. Prior to any such entry, Tenant shall comply with all insurance provisions of the Lease. All waiver and indemnity provisions of the Lease shall apply upon Tenant's entry of the Premises.

LEASE ADDENDUM NUMBER ONE - A

[BUILDING STANDARD IMPROVEMENTS]

SPECTRUM BUILDING STANDARD MATERIALS AND FINISHES

Building Standard Materials:

The following items or equivalents, are Building Standard Materials that are required for all tenant improvement projects.

A. WALLS:

Note: All finished gyp. board shall be painted with two (2) coats latex flat finish (unless otherwise noted).

1. Tenant demising wall (1 Hr. rated):

3-5/8" metal stud walls with 3-½" insulation, 5/8" type "x" g.w.b. each side. Studs spaced @ 16" on center. (1hr. wall extend to roof deck).

2. Interior Walls:

3-5/8" metal studs with 5/8" gyp. board on each side. Studs spaced @ 24" on center. Walls are to be flush with ceiling grid, except in areas requiring sound attenuation (e.g. restrooms).

B. DOORS:

1. Interior:

3'-0" x 8'-0" solid core cherry hardwood doors, stain grade finish.

2. Frame:

16-gauge hollow metal knock down.

3. Hardware:

All doors to have passage latchsets unless otherwise noted. All doors over 7'-0" in height shall have four (4) hinges (minimum). (Schlage or equal lever hardware - brushed stainless finish, as approved by Landlord).

C. CEILINGS:

1. Tiles and Grid:

2' x 2' suspended lay-in scored acoustical white ceiling tile and grid.

D. ELECTRICAL:

1. Office Lighting:

2’ x 4’ parabolic fluorescent light fixtures with electronic ballasts. (Approximately one (1) fixture per 100 square feet of ceiling area).

2. Office Outlets:

All electrical wiring in accordance with all national and local electrical codes (all wiring shall be copper). Approximately three (3) 110-volt duplex convenience outlets per office.

Open office areas to have outlets spaced approximately @ 12’-0” o.c.

E. TELEPHONE

Outlet box and ¾” conduit stubbed 6” above ceiling provided at a ratio of 5 per 1000 s.f.

F. HEATING AND AIR CONDITIONING

1. HVAC

Building standard heating ventilating and air conditioning system, is a variable volume system with duct and diffuser distribution and zoned thermostatic controls. Designed to provide comfortable interior conditions compatible with normal standard of comfort for one person per 150 square feet of usable area. The building perimeter shall have linear diffusers, interior space shall have grid diffusers. Maximum size of each zone will be 1,500 square feet.

2. Diffusers:

2 x 2 perforated face diffusers. Color to match ceiling grid. (Metalaire 72000 series or equal).

Thermostats/VAV Boxes:

VAV/PIU installed with medium pressure duct.

Thermostats per tenant improvement plans. Additional thermostats and VAV boxes required by tenant plans in excess of base building design to be included as a tenant improvement cost.

G. FLOOR COVERING:

1. Carpet:

Mohawk nylon cut pile, 30 oz., or nylon loop, 26 oz., both glue down, color to be selected by Tenant, or equivalent.

2. Base:

2 ½ “ rubber cove base, color to be selected by Tenant.

3. Vinyl Tile:

1/8 inch vinyl composition tile, color to be selected by Tenant.

H. LIFE SAFETY:

1. Sprinkler:

Base building sprinklers to be adjusted by tenant improvement contractor to meet Tenant Improvement requirements. Additional heads required as a result of tenant space plan are a Tenant Improvement cost.

2. Annunciaters (audible and visual):

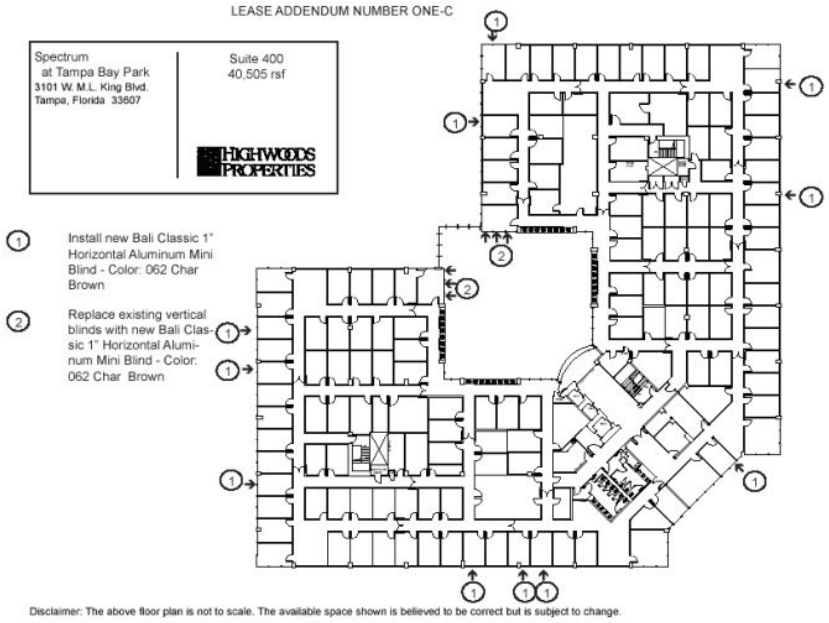
Per code.

LEASE ADDENDUM NUMBER ONE - B

APPROVED SPACE PLAN

LEASE ADDENDUM ONE - C

MINI-BLIND LAYOUT



LEASE ADDENDUM NUMBER TWO [BASE YEAR calendar year]

ADDITIONAL RENT - OPERATING EXPENSE PASS THROUGHS. For the calendar year commencing on **January 1, 2006** and for each calendar year thereafter, Tenant shall pay to Landlord, as Additional Rent, Tenant's Proportionate Share of any increase in Operating Expenses (as hereinafter defined) incurred by Landlord's operation or maintenance of the Building above the Operating Expenses Landlord incurred during the Base Year (as hereinafter defined).

For purposes of calculating Tenant's Proportionate Share of real and personal property taxes, Landlord shall use the Base Year or the year in which the Building and improvements are completed and are fully assessed, whichever shall be later. Except as provided below in connection with costs associated with parking areas, Tenant's Proportionate Share shall be calculated by dividing the rentable square feet of the Premises (approximately 40,505) by the rentable square feet of the Building (approximately 146,994), which equals 27.56%. If during any calendar year (including the Base Year) the occupancy of the rentable area of the Building is less than 95% full, then Operating Expenses (as hereinafter defined) will be adjusted for such calendar year to a rate of 95% occupancy. Tenant's Proportionate Share of costs pertaining to parking areas shall mean a fraction, the numerator of which is the number of parking spaces which Tenant is permitted to use in the Lakepointe II and Pavilion garages, and the denominator of which is the greater of the number of parking spaces in the Lakepointe II and Pavilion garages or the number of parking space use rights granted in such garages.

For the calendar year commencing on **January 1, 2006** and for each calendar year thereafter during the Term, Landlord shall reasonably estimate the amount the Operating Expenses shall increase for such calendar year above the Operating Expenses incurred during the Base Year. Landlord shall send to Tenant a written statement on a form substantially similar to the Annual Statement form, showing the amount of Tenant's Proportionate Share of any estimated increase in Operating Expenses, and Tenant shall pay to Landlord, monthly or annually, Tenant's Proportionate Share of such increase in Operating Expenses. Within ninety (90) days after the end of each calendar year or as soon as possible thereafter, Landlord shall send to Tenant a copy of the Annual Statement on the form attached hereto as Lease Addendum Number Two - A, or some other similar form adopted by Landlord, detailing the prior year's Operating Expenses and Tenant's Proportionate Share of any increase. Pursuant to the Annual Statement, Tenant shall pay to Landlord Additional Rent as owed or Landlord shall adjust Tenant's next due Rent payment(s) if Landlord owes Tenant a credit. After the Expiration Date, Landlord shall send Tenant the final Annual Statement for the Term, and Tenant shall pay to Landlord Additional Rent as owed or if Landlord owes Tenant a credit, then Landlord shall pay Tenant a refund. If there is a decrease in Operating Expenses in any subsequent year below Operating Expenses for the Base Year then no additional rent shall be due on account of Operating Expenses, but Tenant shall not be entitled to any credit, refund or other payment that would reduce the amount of other additional rent or Base Rent owed. If this Lease expires or terminates on a day other than December 31, then Additional Rent shall be prorated on a 365-day calendar year (or 366 if a leap year). All payments or adjustments for Additional Rent shall be made within thirty (30) days after the applicable Statement is sent to Tenant.

Notwithstanding anything to the contrary contained in this Lease Addendum Number Two or the Lease, Tenant shall not be obligated to pay Controllable Expenses in any calendar year which exceed by more than five percent (5%) the Controllable Expenses for the immediately preceding calendar year (including the Base Year). "Controllable Expenses" means all Operating Expenses except taxes, assessments, insurance and utilities. In no event will Tenant be obligated to pay estimated Controllable Expenses in excess of such cap.

The term “Base Year” shall mean the twelve month period beginning on the January 1, 2005 and ending on December 31, 2005.

The term "Operating Expenses" shall mean all direct costs incurred by Landlord in the provision of services to tenants and in the operation, repair and maintenance of the Building and Common Areas as determined by generally accepted accounting principles, including, but not limited to ad valorem real and personal property taxes (calculated at the greatest discount for early payment and paid over the greatest number of installments permitted), hazard and liability insurance premiums, utilities, heat, air conditioning, janitorial service, labor, materials, supplies, equipment and tools, permits, licenses, inspection fees, management fees (not in excess of four percent (4%) of Building Base Rent), and common area expenses; provided, however, the term "Operating Expenses" shall not include depreciation on the Building or equipment therein, interest, executive salaries, real estate brokers’ commissions, or other expenses that do not relate to the operation of the Building. The annual statement of Operating Expenses shall be accounted for and reported in accordance with generally accepted accounting principles (the "Annual Statement").

The following items shall be excluded from Operating Expenses:

(a) Cost of decorating, redecorating, or special cleaning or other services not provided on a regular basis to tenants of the Building;

(b) Wages, salaries, fees, and fringe benefits paid to executive personnel above the level of a Property Manager;

(c) Any charge for depreciation or amortization of the Building or equipment and any interest or other financing charge, including interest on capital invested, and any charge for bad debt losses, rent losses and reserves for such losses;

(d) Any charge for Landlord's income taxes, excess profit taxes, franchise taxes, or similar taxes on Landlord's business, including personal property taxes on Landlord's personal property;

(e) All costs relating to activities for the solicitation and execution of leases of space in the Building, including, without limitation, costs of leasing commissions, legal, space planning, and construction;

(f) All costs and expenses of operation and maintenance of the parking areas other than Lakepointe II and Pavilion parking facilities;

(g) All costs for which Tenant or any other tenant in the Building is being charged other than pursuant to the operating expense clauses;

(h) The cost of any electric current furnished to the Premises or any rentable area of the Building for purposes other than the operation of building equipment and machinery and the lighting of public toilets, stairways, shaftways, and building machinery or fan rooms;

(i) The cost of structural repairs to the Building, including the correction of defects in the construction of the Building or in the Building equipment, including structural repairs to the roof, curtain wall, foundation, floor slabs, except for normal caulking and maintenance;

(j) The cost of any repair made by Landlord because of the total or partial destruction of the Building or the condemnation of a portion of the Building;

(k) Any increase in insurance premium to the extent that such increase is caused or attributable to the use, occupancy or act of Landlord or another tenant, and insurance on leasehold improvements in the premises leased or to be leased to other tenants;

(l) The cost of any items for which landlord is reimbursed by insurance, condemnation awards, other tenants or any other source;

(m) The costs incurred in connection with the original construction of the Building, or in connection with any additions, capital improvements or capital repairs, to the Building subsequent to the date of original construction;

(n) The cost of any repairs, alterations, additions, changes, replacements, and other items which under generally accepted accounting principles are properly classified as capital expenditures to the extent they upgrade or improve the Building as opposed to replace existing items which have worn out;

(o) Any operating expense representing any amount paid to a related corporation, entity, or person which is in excess of the amount which would be paid in excess of prevailing charges for such services;

(p) The cost of tools and equipment used initially in the construction, operation, repair and maintenance of the Building;

(q) The cost of any work or service performed for or facilities furnished to any tenant of the Building to a greater extent or in a manner more favorable to such tenant than that performed for or furnished to tenant;

(r) The cost of alterations of space in the Building leased to other tenants;

(s) The cost of overtime or other expense to landlord in curing its defaults or performing work expressly provided in this Lease to be borne at Landlord's expenses;

(t) Capital improvements or expenditures incurred to reduce Operating Expenses except that such improvements or expenditures shall be included in Operating Expenses to the lesser of the annual amortized amount of said improvements or expenditures (over the useful life of the improvement or item) or the actual savings;

(u) Ground rent or similar payments to a ground lessor;

(v) Costs arising from the presence of mold, fungus, asbestos or other hazardous materials or substances in or about or below the land or the Building, including, without limitation, hazardous substances in the groundwater or soil, such costs to include the cost of removal, abatement, or treatment of mold, fungus, asbestos or any other hazardous material or substance, except to the extent caused by Tenant, Tenant shall be solely responsible for such costs;

(w) Wages, salaries or other compensation paid to offsite employees or other employees of Landlord who are not assigned full-time to the operation, management, maintenance, or repair of the Building in excess of the pro-rata amount of the value thereof attributable to such activities relating to the Building;

(x) The cost of advertising and public relations and promotional costs associated with the promotion or leasing of the Building and costs of signs in or on the Building identifying the owners of the Building or any tenant of the Building;

(y) The cost of utilities and other similar expenses incurred directly or on behalf of retail tenants in the Building;

(z) The cost of any fines or penalties incurred due to the violation by Landlord of any governmental rule or authority. This is not intended to exclude costs incurred in complying with such rule or authority if otherwise includable in Operating Expenses.

(aa) The cost incurred in connection with disputes with tenants, other occupants, or prospective tenants, or costs and expenses incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building;

(bb) The cost of allowances, concessions, permits, licenses, inspections, and other costs and expenses incurred in completing, fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants (including tenant), prospective tenants or other occupants or prospective occupants of the Building, or vacant leasable space in the Building, or constructing or finishing demising walls and public corridors with respect to any such space;

(cc) Costs incurred in connection with the sale, financing, refinancing, mortgaging, selling or change of ownership of the Building;

(dd) Costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payment of taxes, utility bills and other costs incurred by Landlord's failure to make such payments when due;

(ee) Costs incurred by Landlord which are associated with the operation of the business of the legal entity which constitutes Landlord as the same is separate and apart from the cost of the operation of the Building, including legal entity formation and legal entity accounting (including the incremental accounting fees relating to the operation of the Building to the extent incurred separately in reporting operating results to the Building's owners or lenders);

(ff) General overhead, general administrative expenses, accounting, recordkeeping and clerical support of Landlord or the management agent not relating to the operation of the Building;

(gg) Rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment not affixed to the Building which is used in providing janitorial or other services;

(hh) Rent or rental-related expenses (such as expense reimbursements similar to the Additional Rent Tenant pays for Operating Expenses) for Landlord's leasing office or other employee office space not used for the purpose of managing the Building or for any space in the Building set aside for storage facilities, or other facilities provided for the benefit of certain (but not all) tenants;

(ii) Moving expense costs of tenants of the Building;

(jj) Costs incurred for any items to the extent covered by a manufacturer's, materialmen's, vendor or contractor's warranty;

(kk) Costs of overtime HVAC service whether provided to the Tenant or any other tenant of the Building;

(ll) The cost of repairs necessitated by the gross negligence of Landlord, its agents or employees, and the costs of repairs, replacements or maintenance required to cure a condition at the Building or Common Areas which violates Laws;

(mm) Consulting costs and expenses paid by Landlord unless they relate exclusively to improving management or operation of the Building;

(nn) Vault rental or other vault charges, except for the rental of one lockbox;

(oo) The cost of services provided or other costs incurred in connection with the operation of retail or other ancillary operations owned, operated or subsidized by Landlord; and

(pp) Any other expense or cost which under generally accepted accounting principles ("GAAP"), would not be considered a normal maintenance or operating expense of an office building, except for the cost of landscaping and the replacement of floor or wall coverings in Common Areas of the Building, the cost of which shall be amortized on a straight-line basis over the reasonably estimated actual useful life of each such item.

Landlord and Tenant intend that Operating Expenses paid by Tenant under this Lease reimburse Landlord for any actual increase in Operating Expenses incurred by Landlord over those incurred during the Base Year but not provide a profit to Landlord.

Tenant, at its expense, shall have the right, on one occasion per calendar year, at a reasonable time and at Landlord’s Tampa offices, to audit Landlord's books and records relating to items affecting Operating Expenses for the Base Year and any subsequent calendar year or years; provided that Tenant's right to audit shall expire within one (1) year after Landlord has furnished to Tenant the Annual Statement for the applicable calendar year if Tenant has not notified Landlord in writing of Tenant's election to conduct an audit. Notwithstanding the foregoing, Tenant may defer its audit of the Base Year until its initial audit of a subsequent calendar year.

If Tenant has timely exercised its option to conduct an audit, Tenant shall have a period of ninety (90) days in which to complete the audit, which ninety (90) day period shall commence after Landlord has afforded Tenant full access to such documents (in a location within the Building) as are necessary to conduct the audit including, without limitation, work papers prepared by Landlord's bookkeepers and accountants, canceled checks, invoices, and such other documents as may be reasonably required. Landlord shall cooperate with Tenant as to facilitate the performance of Tenant's audit.

In the event that it is ultimately determined (by agreement of the parties, by a final court determination, or otherwise) that the actual Operating Expenses for any year is less than the amount set forth in Annual Statement, then Landlord shall reimburse Tenant for such overcharge within fifteen (15) days of receipt of notice thereof. If the overcharge is by an amount in excess of four (4) percent (4%), Landlord shall also reimburse Tenant for the cost or fees paid by Tenant in connection with such audit and shall also pay interest at the Maximum Rate on the overcharge from the date that the statement of Operating Expenses was delivered to Tenant until the date that Landlord has reimbursed Tenant for such overcharge. In the event that it is ultimately determined (by agreement of the parties, by a final court determination, or otherwise) that the actual Operating Expenses for any year is greater than the amount set forth in Annual Statement, then Tenant shall pay the additional amount due with its next installment of Rent due no earlier than fifteen (15) days after such determination. Tenant's audit and reimbursement rights herein contained shall survive expiration or termination of this Lease.

LEASE ADDENDUM NUMBER TWO - A
ANNUAL STATEMENT FORM

LEASE ADDENDUM NUMBER THREE

OPTION TO RENEW LEASE TERM

1. *Option to Extend*. Tenant shall have the right and option to renew the Lease (the "Renewal Option") for two (2) additional periods of five (5) years each (the “Renewal Lease Terms”) (a separate notice is required for each Renewal Lease Term); provided, however, such Renewal Option is contingent upon the following (i) Tenant is not in default beyond applicable notice and cure periods at the time Tenant gives Landlord notice of Tenant’s intention to exercise the Renewal Option; (ii) upon the Expiration Date or the expiration of any Renewal Lease Term, Tenant has no outstanding default beyond applicable notice and cure periods; (iii) Tenant is not disqualified by multiple defaults as provided in the Lease; and (iv) Tenant (or its assignee or subtenant) is occupying the Premises. Following the expiration of the second (2^{nd}) Renewal Term, Tenant shall have no further right to renew the Lease pursuant to this section.

2. *Exercise of Option.* Tenant shall exercise each Renewal Option by giving Landlord notice no less than nine (9) months prior to the Expiration Date or the last day of any Renewal Lease Term. If Tenant fails to give such notice to Landlord prior to the date that is nine (9) months prior to the Expiration Date, then Tenant shall forfeit the Renewal Option. If Tenant exercises the Renewal Option, then during any such Renewal Lease Term, Landlord and Tenant’s respective rights, duties and obligations shall be governed by the terms and conditions of the Lease. Time is of the essence in exercising the Renewal Option.

3. *Term.* If Tenant exercises the Renewal Option, then during any such Renewal Lease Term, all references to the term “Term”, as used in the Lease, shall mean the “Renewal Lease Term”.

4. *Base Rent for Renewal Lease Term.* The Base Rent for the Renewal Lease Term shall be the Fair Market Rental Rate, determined as follows:

Definition. The term "Fair Market Rental Rate" shall mean the market rental rate for the pertinent Renewal Option for which such determination is being made for office space in comparable low rise office buildings in the Westshore office market area ("AREA") for leases of space of equivalent quality, size, utility, and location. Such determination shall take into account all relevant factors, including, without limitation, the following matters: the credit standing of Tenant; the payment of any real estate commission; the length of the term; expense stops or base years; the fact that Landlord will experience no vacancy period and that Tenant will not suffer the costs and business interruption associated with moving its offices and negotiating a new lease; the condition of and alterations required to comparable premises as compared to the condition of the Premises; construction allowances and other tenant concessions that would be available to tenants comparable to Tenant in the AREA (such as moving expense allowance, free rent periods, and lease assumption and take-over provisions, if any).

Determination. Landlord shall deliver to Tenant notice of the Fair Market Rental Rate (the "FMR Notice") for the Premises for the Renewal Lease Term in question within thirty (30) days after Tenant exercises the option giving rise to the need to determine the Fair Market Rental Rate. If Tenant disagrees with Landlord's assessment of the Fair Market Rental Rate specified in a FMR Notice, then it shall so notify Landlord in writing within thirty (30) days after delivery of such FMR Notice (the “Objection Notice”), electing either to withdraw Tenant’s exercise of the Renewal Option or to proceed to determine the Fair Market Rate in accordance with the procedure set forth in this paragraph (“FMR Arbitration”). If Tenant fails to give the Objection Notice within the thirty (30) days after delivery of the FMR Notice, then Tenant shall be deemed to have withdrawn its exercise of the Renewal Option. If Tenant timely gives the Objection Notice, but fails to elect either to withdraw its exercise of the Renewal Option or to proceed with FMR Arbitration, Tenant shall be deemed to have withdrawn its exercise of the Renewal Option. If in the Objection Notice Tenant elects to proceed with FMR Arbitration, Landlord and Tenant shall meet to attempt to determine the Fair Market Rental Rate. If Tenant and Landlord are unable to agree on such Fair Market Rental Rate within ten (10) business days after delivery of the Objection Notice, then Landlord and Tenant shall each appoint an independent real estate appraiser with at least ten (10) years' commercial real estate appraisal experience in the AREA market, each of whom shall make a determination of the Fair Market Rental Rate

within twenty (20) days after their selection hereunder. If Tenant and Landlord are unable to agree upon and select one of the determinations made by the initial two (2) appraisers within ten (10) business days after receipt of the two determinations, the two appraisers shall then, within five (5) days thereafter, select an independent third appraiser with like qualifications. If the two appraisers are unable to agree on the third appraiser within such five (5) day period, either Landlord or Tenant, by giving five (5) days prior notice thereof to the other, may apply to the then presiding judge of the Circuit Court for Hillsborough County, Florida, for selection of a third appraiser who meets the qualifications stated above. Within twenty (20) days after the selection of the third appraiser, the third appraiser shall make a determination of the Fair Market Rental Rate by selecting whichever of the two determinations made by the initial two appraisers is closer to the actual Fair Market Rental Rate in the opinion of such third appraiser, which determination shall be binding on Landlord and Tenant. The third appraiser shall have no discretion other than to select one or the other determination of the initial two appraisers as set forth herein. Tenant and Landlord shall each bear the entire cost of the appraiser selected by it and shall share equally the cost of the third appraiser.

Administration. If Tenant has exercised the Renewal Option and the Fair Market Rental Rate for the Renewal Lease Term has not been determined in accordance with this section by the time that Rent for the Renewal Lease Term is to commence in accordance with the terms hereof, then Tenant shall pay Rent for the Renewal Lease Term based on the Fair Market Rental Rate proposed by Landlord pursuant to this section until such time as the Fair Market Rental Rate has been so determined, at which time appropriate cash adjustments shall be made between Landlord and Tenant such that Tenant is charged Rent based on the Fair Market Rental Rate (as finally determined pursuant to this section) for the Renewal Lease Term during the interval in question.

LEASE ADDENDUM NUMBER FOUR

INTENTIONALLY OMITTED

LEASE ADDENDUM NUMBER FIVE
TENANT PARKING AGREEMENT

1. The parties hereby acknowledge that they have heretofore entered, or are contemporaneously herewith entering, a certain lease dated _____, 2004 (the "Lease") for premises known as Suite 400 (the "Premises") located in the property known as Spectrum (the "Property"). In the event of any conflict between the Lease and this Agreement, the latter shall control.

2. Landlord hereby grants to Tenant and persons designated by Tenant, for the Term of the Lease, and for no additional consideration, the right to use 5 parking spaces per 1000 rentable square feet of space in the Premises in the parking areas designated herein, which spaces shall include Tenant's pro-rata share of all handicapped (0.06/1000 rentable square feet) and visitor (0.07/1000 rentable square feet) parking in the LakePointe Two and Pavilion garages, such allocations being subject to change as required by law. Tenant may access and use four (4) spaces per 1,000 rentable square feet in the LakePointe Two garage. All remaining spaces to which Tenant is entitled shall be in the Pavilion garage. Of the spaces Tenant is permitted to use in the LakePointe Two garage, twenty-one (21) shall be reserved for Tenant's exclusive use. The location of the reserved parking spaces shall be as indicated on attached Lease Addendum Five-A. Each of Tenant's employees shall be given stickers for their cars identifying the garage to be used by the employee and shall use only the garage identified. Landlord shall have the right to convert any existing parking to secure parking at any time by installing a control device. The Term of this agreement shall commence on the Commencement Date under the Lease and shall continue until the earlier to occur of the Expiration Date under the Lease or, termination of the Lease. Tenant may, from time to time, request additional parking spaces, and if Landlord shall provide the same, such spaces shall be provided and used on a month-to-month basis, and otherwise on the foregoing terms and provisions, and such monthly parking charges as Landlord shall establish from time to time. Tenant acknowledges that Landlord has entered into agreements with PriceWaterhouseCoopers and AT&T (and their respective subtentants) and certain other tenants pursuant to which portions of the parking spaces in the LakePointe Two garage have been reserved for the exclusive use of those tenants as depicted in Lease Addendum Five-B. Nonetheless, Landlord agrees to limit the number of reserved parking spaces in the Lakepointe Two garage to an aggregate of one space per 1000 rentable square feet of space leased by all tenants using the LakePointe Two garage, with the total number of such reserved parking spaces in LakePointe Two garage not exceeding 752 spaces (the "Reserved Parking Limit"). In the Pavilion garage, Landlord shall, at Landlord's option, either (i) reserve and designate for Tenant's exclusive use 40 parking spaces, which spaces shall be located in a contiguous block, shall be located on the third or fourth floor of the garage, and shall be near to or adjacent to the north or south stairwell, or (ii) limit the number of reserved parking spaces in the Pavilion garage to one space per 1000 rentable square feet of space leased by all tenants using the Pavilion garage (not to exceed 430 reserved parking spaces).

3. Tenant shall at all times comply with all applicable ordinances, rules, regulations, codes, laws, statutes and requirements of all federal, state, county and municipal governmental bodies or their subdivisions respecting the use of the designated parking area. Landlord reserves the right to adopt, modify and enforce reasonable Rules governing the use of the designated parking area from time to time, including any key-card, sticker or other identification or entrance system. The Rules set forth hereinafter are currently in effect. Landlord may refuse to permit any person who violates such Rules to park in the designated parking area, and any violation of the Rules shall subject the car to removal from the designated parking area.

4. Except as provided in Section 2 above, the parking spaces hereunder shall be provided on an unreserved "first-come, first-served" basis, but Landlord shall not grant parking rights to tenants or others reasonably anticipated to result in availability to Tenant of less than 5 parking spaces per 1,000 rentable square feet contained in the Premises. Tenant acknowledges that Landlord has or may arrange for the designated parking area to be operated by an independent contractor, not affiliated with Landlord. In such event, Tenant acknowledges that Landlord shall have no liability for claims arising through acts or omissions of such independent contractor, if such contractor is reputable. Except for intentional acts or gross negligence, Landlord shall have no liability whatsoever for any damage to property or any other items located in the designated parking area, nor for any personal injuries or death arising out of any matter relating to the designated parking area, and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant's employees look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the designated parking area. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or Landlord's agents. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped persons and for other tenants, guests of tenants or other parties, and Tenant and persons designated by Tenant hereunder shall not park in any such assigned or reserved spaces. Landlord also reserves the right to close all or any portion of the designated parking area in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the designated parking area, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond Landlord's reasonable control. In such event, Landlord shall use commercially reasonable efforts to provide a substitute parking area for the period of unavailability if such parking is available in the vicinity of the Building, located as close to the Building as possible (which may be located in an unpaved area).

5. If Tenant shall default under this Agreement and fails to cure such default within ten (10) days after notice from Landlord, Landlord shall have the right to remove from the designated parking area any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such default, without liability therefor whatsoever. Tenant shall communicate to its employees the Rules set forth at the end of this Lease Addendum Number Five. In addition, if Tenant shall default under this Agreement, Landlord shall have the right to cancel this Agreement on ten (10) days' written notice, unless within such ten (10) day period, Tenant cures such default. Such cancellation right shall be cumulative and in addition to any other rights or remedies available to Landlord at law or equity, or provided under the Lease (all of which rights and remedies under the Lease are hereby incorporated herein, as though fully set forth). Any default by Tenant under the Lease shall be a default under this Agreement, and any default under this Agreement shall be a default under the Lease. Notwithstanding anything herein to the contrary, a default or other failure to observe the rules and regulations by a user of the parking area shall not constitute a default by Tenant under the Lease, but rather, such user's rights to use the parking area shall be revoked if such default or failure continues for more than two (2) business days after notice to such user.

RULES

(i) Designated parking area hours shall be available to Tenant and its employees 24 hours a day, year round, but there shall be no overnight parking (except when the driver is using the Premises or traveling on business).

(ii) Cars must be parked entirely within the stall lines painted on the floor, and only small cars may be parked in areas reserved for small cars.

(iii) All directional signs and arrows must be observed.

(iv) The speed limit shall be five (5) miles per hour.

(v) Spaces reserved for handicapped parking must be used only by vehicles properly designated.

(vi) Parking is prohibited in all areas not expressly designated for parking, including without limitation:

(vi) Parking is prohibited in all areas not expressly designated for parking, including without limitation:

(a) areas not striped for parking
(b) aisles
(c) where “no parking” signs are posted
(d) ramps
(e) loading zones

(vii) Parking key cards or any other devices or forms of identification or entry supplied by Landlord shall remain the property of Landlord. Such devices must be displayed as requested and may not be mutilated in any manner. The serial number of the parking identification device may not be obliterated. Devices are not transferable and any device in the possession of an unauthorized holder will be void.

(viii) If applicable, monthly fees shall be payable in advance prior to the first day of each month. Failure to do so within five (5) days after notice will automatically cancel parking privileges and a charge at the prevailing daily parking rate will be due. No deductions or allowances from the monthly rate will be made for days on which the designated parking area is not used by Tenant or its designees.

(ix) Designated parking area managers or attendants are not authorized to make or allow any exceptions to these Rules.

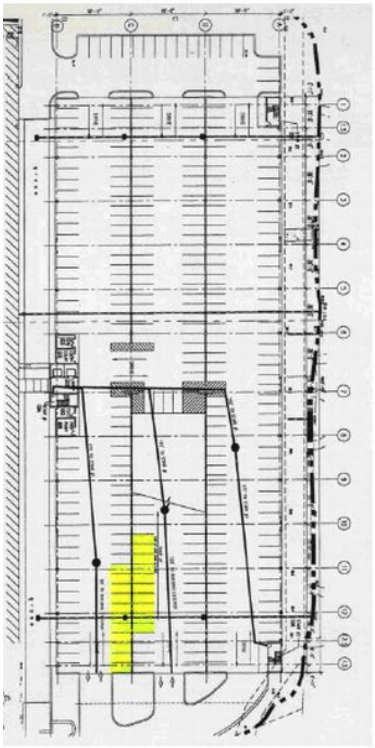
(x) Every parker is required to park and lock his own car.

(xi) Loss or theft of parking identification, key cards or other such devices must be reported to Landlord or any garage manager immediately. Any parking devices reported lost or stolen found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution. Lost or stolen devices found by Tenant or its employees must be reported to the office of the designated parking area immediately.

(xii) Washing, waxing, cleaning or servicing of any vehicle by the customer and/or his agents is prohibited. Parking spaces may be used only for parking automobiles.

(xiii) Tenant agrees to acquaint all persons to whom Tenant assigns parking space with these Rules.

LEASE ADDENDUM NUMBER FIVE—A
LOCATION OF RESERVED PARKING
LakePoint Two Garage



LEASE ADDENDUM NUMBER FIVE - B
PARKING RESERVED TO OTHER TENANTS
LakePointe Two Garage

LEASE ADDENDUM NUMBER SIX
RADON

The following disclosure is made pursuant to Section 404.056 of the Florida statutes: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

LEASE ADDENDUM NUMBER SEVEN

RIGHT OF FIRST OFFER

Provided Tenant is not in default under this Lease, and subject only to the rights of current tenant AT&T (and its assignees, excluding Landlord or any affiliate of Landlord) under the currently existing terms of its lease, Tenant shall have an ongoing right of first offer ("Right of First Offer"): (i) to lease space on the first floor of the Building, consisting of approximately 3,499 rentable square feet, as more particularly shown on Lease Addendum Number Seven - A, and, (ii) in addition to the right set forth in (i) above, provided that Landlord has created a multi-tenant environment on the third floor or otherwise leases or desires to lease space on that floor in increments of less than the full floor, to lease space on the third floor of the Building, consisting of approximately 4,000 rentable square feet, and as more particularly shown on Lease Addendum Number Seven - B attached to this Addendum (each "First Offer Space"). Before Landlord offers either First Offer Space to any prospective or existing tenant, Landlord shall provide written notice to Tenant of its availability for lease by Tenant (the "Offer Notice"). Tenant shall have ten (10) days from receipt of the Offer Notice to give written notice of Tenant's intent to exercise the Right of First Offer and to lease the First Offer Space identified in the Offer Notice upon the same terms and conditions as contained in this Lease, including without limitation, the Allowance, except that the Base Rent will be the Fair Market Rental Rate, as defined in accordance with Lease Addendum Number Three and the remaining Term under this Lease from the date of Tenant's exercise of the Right of First Offer (including any exercised Renewal Term) shall be at least three (3) years, and if less than three (3) years remain in the Term of this Lease, the Term of this Lease shall be deemed automatically extended upon Tenant's exercise of the Right of First Offer so as to expire on the third anniversary of such exercise, with Base Rent for any such extended Term equal to the Fair Market Rental Rate. Failure by Tenant to so notify Landlord within such ten (10) day period shall be deemed a waiver of Tenant's rights hereunder as to the First Offer Space identified in the Offer Notice, and Landlord may then lease that First Offer Space to a third party, provided Landlord and such third party execute a lease which includes that First Offer Space within twelve (12) months after Tenant waives, or is deemed to waive, its Right of First Offer for such space. Failing that, Landlord shall again offer that First Offer Space to Tenant before leasing that space to a third party.

Determination Within ten (10) days after Tenant exercises its Right of First Offer, Landlord shall deliver to Tenant notice for the Fair Market Rental Rate (the "FMR Notice") for the pertinent First Offer Space. If Tenant disagrees with Landlord's assessment of the Fair Market Rental Rate specified in a FMR Notice, it shall so notify Landlord in writing within ten (10) days after receipt of such FMR Notice (the “Objection Notice”), electing either to withdraw Tenant’s exercise of the Right of First Offer or to proceed to determine the Fair Market Rental Rate in accordance with the procedure set forth in this paragraph (“FMR Arbitration”). If Tenant fails to give the Objection Notice within ten (10) days after receipt of the FMR Notice, then Tenant shall be deemed to have withdrawn its exercise of the Right of First Offer. If Tenant timely gives the Objection Notice, but fails to elect either to withdraw its exercise of the Right of First Offer or to proceed with FMR Arbitration, Tenant shall be deemed to have withdrawn its exercise of the Right of First Offer. If in the Objection Notice Tenant elects to proceed with FMR Arbitration, Landlord and Tenant shall meet to attempt to determine the Fair Market Rental Rate. If Tenant and Landlord are unable to agree on such Fair Market Rental Rate within ten (10) days after delivery after the Objection Notice, then Landlord and Tenant shall each appoint an independent real estate appraiser with at least ten (10) years' commercial real estate appraisal experience in the AREA market, each of whom shall make a determination of the Fair Market Rental Rate within twenty (20) days after their selection hereunder. If Tenant and Landlord are unable to agree upon and select one of the determinations made by the initial two (2) appraisers within ten (10) business days after receipt of the two determinations, the two appraisers shall then, within five (5) days thereafter, select an independent third appraiser with like qualifications. If the two appraisers are unable to agree on the third appraiser within such five (5) day period, either Landlord or Tenant, by giving five (5) days prior notice thereof to the other, may apply to the then presiding judge of the Circuit Court for Hillsborough County, Florida, for selection of a third appraiser who meets the qualifications stated above. Within twenty (20) days after the selection of the third appraiser, the third appraiser shall make a determination of the Fair Market Rental Rate by selecting whichever of the two determinations made by the initial two appraisers is closer to the actual Fair Market Rental Rate in the opinion of such third appraiser, which determination shall be binding on Landlord and Tenant. The third appraiser shall have no discretion other than to select one or the other determination of the initial two appraisers as set forth herein. Tenant and Landlord shall each bear the entire cost of the appraiser selected by it and shall share equally the cost of the third appraiser.

Administration. Tenant shall design and construct all leasehold improvements in the First Offer Space, and Rent will commence 120 days after delivery of the First Offer Space to Tenant for commencement of construction. If Tenant has exercised the Right of First Offer and the Fair Market Rental Rate Term has not been determined in accordance with this section by the time that Rent for the First Offer Space is to commence in accordance with the terms hereof, then Tenant shall pay Rent for the First Offer Space based on the Fair Market Rental Rate proposed by Landlord pursuant to this section until such time as the Fair Market Rental Rate has been so determined, at which time appropriate cash

adjustments shall be made between Landlord and Tenant such that Tenant is charged Rent based on the Fair Market Rental Rate (as finally determined pursuant to this section) for the First Offer Space during the interval in question.

LEASE ADDENDUM NUMBER SEVEN - A
FIRST FLOOR: RIGHT OF FIRST OFFER SPACE

LEASE ADDENDUM NUMBER SEVEN - B
THIRD FLOOR: RIGHT OF FIRST OFFER SPACE

LEASE ADDENDUM NUMBER EIGHT
CLEANING SPECIFICATIONS

EXHIBIT A
PREMISES

EXHIBIT B
RULES AND REGULATIONS

1. **Access to Building**. On Saturdays, Sundays, Holidays and weekdays between the hours of 6:00 P.M. and 8:00 A.M., access to the Building and/or to the halls, corridors, elevators or stairways in the Building may be restricted and access shall be gained by use of a key or electronic card to the outside doors of the Buildings. Landlord may from time to time establish security controls for the purpose of regulating access to the Building. Tenant shall be responsible for providing access to the Premises for its agents, employees, invitees and guests at times access is restricted, and shall comply with all such security regulations so established.

2. **Protecting Premises**. The last member of Tenant to leave the Premises shall close and securely lock all doors or other means of entry to the Premises and shut off all lights and equipment in the Premises.

3. **Building Directories**. The directories for the Building in the form selected by Landlord shall be used exclusively for the display of the name and location of tenants. Any additional names and/or name change requested by Tenant to be displayed in the directories must be approved by Landlord and, if approved, will be provided at the sole expense of Tenant.

4. **Large Articles**. Furniture, freight and other large or heavy articles may be brought into the Building only at times and in the manner designated by Landlord and always at Tenant's sole responsibility. All damage done to the Building, its furnishings, fixtures or equipment by moving or maintaining such furniture, freight or articles shall be repaired at Tenant’s expense.

5. **Signs**. Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Building, or on any part of the inside of the Premises which can be seen from the outside of the Premises, including windows and doors, without the written consent of Landlord, and then only such name or names or matter and in such color, size, style, character and material as shall be first approved by Landlord in writing. Landlord, without notice to Tenant, reserves the right to remove, at Tenant's expense, all matters other than that provided for above.

6. **Defacing Premises and Overloading**. Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window that may be unsightly from outside the Premises. Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the exterior walls; blinds, shades, awnings or other forms of inside or outside window ventilators or similar devices shall not be placed in or about the outside windows in the Premises except to the extent that the character, shape, color, material and make thereof is approved by Landlord. Tenant shall not do any painting or decorating in the Premises or install any floor cover-ings in the Premises or make, paint, cut or drill into, or in any way deface any part of the Premises or Building without in each instance obtaining the prior written consent of Landlord, which consent will not be unreasonably withheld, delayed or conditioned. Tenant shall not overload any floor or part thereof in the Premises, or any facility in the Building or any public corridors or elevators therein by bringing in or removing any large or heavy articles and Landlord may direct and control the location of safes, files, and all other heavy articles and, if considered necessary by Landlord may require Tenant at its expense to supply whatever supplementary supports necessary to properly distribute the weight.

7. **Obstruction of Public Areas**. Tenant shall not, whether temporarily, accidentally or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any sidewalk, court, hall, passageway, entrance, or shipping area. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition, and move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste (other than waste customarily removed by Building employees) that are at any time being taken from the Premises directly to the areas designated for disposal. All courts, passageways, entrances, exits, elevators, escalators, stairways, corridors, halls and roofs are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interest of the Building and its tenants; provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant deals within the normal course of Tenant's business so long as such persons are not engaged in illegal activities.

8. **Additional Locks**. Tenant shall not attach, or permit to be attached, additional locks or similar devices to any door or window, change existing locks or the mechanism thereof, or make or permit to be made any keys for any door other than those provided by Landlord. Upon termination of this Lease or of Tenant's posses-sion, Tenant shall immediately surrender all keys to the Premises. Notwithstanding the foregoing, Tenant shall be permitted

to install keypads or other security locks on all perimeter and stairwell doors; provided, however, that all such facilities shall comply with all local codes and ordinances and Landlord will be furnished with keys or other access.

9. **Communications or Utility Connections**. If Tenant desires signal, alarm or other utility or similar service connections installed or changed, then Tenant shall not install or change the same without the approval of Landlord, which approval will not be unreasonably withheld, delayed or conditioned, and then only under direction of Landlord and at Tenant's expense. Initial installation of any such facilities will be conducted as a part of the work done pursuant to, and shall be governed by the terms of, the Work Letter.

10. **Office of the Building**. Service requirements of Tenant will be attended to only upon application at the office of Highwoods Properties, Inc. Employees of Landlord shall not perform, and Tenant shall not engage them to do any work outside of their duties unless specifically authorized by Landlord.

11. **Restrooms**. The restrooms, toilets, urinals, vanities and the other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant whom, or whose employees or invitees, shall have caused it.

12. **Intoxication**. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated, or under the influence of liquor or drugs, or who in any way violates any of the Rules and Regulations of the Building.

13. **Nuisances and Certain Other Prohibited Uses**. Except as otherwise permitted under the Lease, Tenant shall not (a) install or operate any internal combus-tion engine, boiler, machinery, refrigerating, heating or air conditioning apparatus in or about the Premises; (b) engage in any mechanical business, or in any service in or about the Premises or Building, except those ordinarily embraced within the Permitted Use as specified in Section 3 of the Lease; (c) use the Premises for housing, lodging, or sleep-ing purposes; (d) place any radio or television antennae on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises, or place a musical or sound producing instrument or device inside or outside the Premises which may be heard outside the Premises; (e) use any power source for the operation of any equipment or device other than dry cell batteries or electricity; (f) operate any electrical device from which may emanate waves that could interfere with or impair radio or television broadcasting or reception from or in the Building or elsewhere; (g) bring or permit to be in the Building any bicycle, other vehicle, dog (except in the company of a blind person), other animal or bird; (h) make or permit any objectionable noise or odor to emanate from the Premises; (i) disturb, harass, solicit or canvass any occupant of the Building; (j) do anything in or about the Premises which could be a nuisance or tend to injure the reputation of the Building; (k) allow any firearms in the Building or the Premises except as approved by Landlord in writing.

14. **Solicitation**. Tenant shall not canvass other tenants in the Building to solicit business or contributions and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the Premises unless ordinarily embraced within the Tenant's Permitted Use as specified in Section 3 of the Lease.

15. **Energy Conservation**. Tenant shall not waste electricity, water, heat or air conditioning and agrees to reasonably cooperate with Landlord to ensure the most effective operation of the Building's heating and air conditioning, and shall not allow the adjustment (except by Landlord's authorized Building personnel) of any controls.

16. **Building Security**. At all times other than normal business hours the exterior Building doors and suite entry door(s) must be kept locked to assist in security. Problems in Building and suite security should be directed to Landlord at (813) 673-6050.

17. **Parking**. Parking is in designated parking areas only. There shall be no vehicles in "no parking" zones or at curbs. Handicapped spaces are for handicapped persons only and the Police Department will ticket unauthor-ized (unidentified) cars in handicapped spaces. Landlord reserves the right to remove vehicles that do not comply with the Lease or these Rules and Regulations and Tenant shall indemnify and hold harmless Landlord from its reasonable exercise of these rights with respect to the vehicles of Tenant and its employees, agents and invitees.

18. **Janitorial Service**. The janitorial staff will remove all trash from trashcans. Any container or boxes left

in hallways or apparently discarded unless clearly and conspicuously labeled DO NOT REMOVE may be removed without liability to Tenant. Any large volume of trash resulting from delivery of furniture, equipment, etc., should be removed by the delivery company, Tenant, or Landlord at Tenant's expense. Janitorial service will be provided after hours five (5) days a week. All requests for trash removal other than normal janitorial services should be directed to Landlord at (813) 673-6050.

EXHIBIT C

COMMENCEMENT AGREEMENT

This COMMENCEMENT AGREEMENT (the "Commencement Agreement"), made and entered into as of this _____ day of _____, 2004, by and between **HIGHWOODS/FLORIDA HOLDINGS, L. P.,** a Delaware Partnership, with its principal office at 3100 Smoketree Court, Suite 600, Raleigh, North Carolina 27604 ("Landlord") and _____, a _____ Corporation, with its principal office at _____ ("Tenant");

W I T N E S S E T H :

WHEREAS, Tenant and Landlord entered into that certain Lease Agreement dated _____ (the "Lease"), for space designated as Suite _____, comprising approximately _____ rentable square feet, in the _____ Building, located at _____, City of _____, County of _____, State of Florida; and

WHEREAS, the parties desire to establish the Commencement Date and Expiration Date as set forth below,

NOW, THEREFORE, in consideration of the mutual and reciprocal promises herein contained, Tenant and Landlord hereby agree that said Lease hereinafter described be, and the same is hereby modified in the following particulars:

1. The term of the Lease by and between Landlord and Tenant actually commenced on _____ (the "Commencement Date"). The initial term of said Lease shall terminate on _____ (the "Expiration Date"). Section 3, entitled "Term", and all references to the Commencement Date and Termination Date in the Lease are hereby amended.

2. Except as modified and amended by this Commencement Agreement, the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Agreement to be duly executed, as of the day and year first above written.

WITNESSES:

_____

_____
Print Name

_____

_____
Print Name

LANDLORD:

HIGHWOODS/FLORIDA HOLDINGS, L.P.
a Delaware limited partnership

By: Highwoods/Florida GP Corp.,
its general partner

By: _____
Stephen A. Meyers

Title: Vice President - Tampa

Date: _____

WITNESSES:

_____

_____
Print Name

_____

_____
Print Name

TENANT:

_____DO NOT SIGN -- EXHIBIT ONLY_____
Signature Line

By: _____
Print Name

Title: _____

Date: _____

EXHIBIT D
[ROOFTOP LICENSE AGREEMENT]

ROOFTOP LICENSE. (a) *Grant.* Landlord hereby grants to Tenant the non-exclusive right (hereinafter collectively the "Rooftop Rights"):

i. To install, operate, maintain and remove, at Tenant's sole expense and risk, certain rooftop communications equipment (hereinafter the "Equipment") as described in **Exhibit D-1** attached hereto and made a part hereof.

ii. To install, maintain, operate, and replace at Tenant's sole expense and risk, certain connecting equipment, including, but not limited to, the cables, conduits, and connecting hardware necessary for the operation of the Equipment (hereinafter the "Connecting Equipment").

iii. To pull such Connecting Equipment through the Building Common Areas (if existing risers are full, Tenant shall use a separate raceway to be installed by Tenant at Tenant's sole cost and expense with routing as approved by Landlord) for the purpose of connecting Tenant's rooftop Equipment to the related Equipment located in Tenant's lease Premises.

(b) *Grant Non-exclusive.* The Rooftop Rights granted herein are not exclusive and Landlord reserves the right to grant, renew or extend rooftop communications rights to others; provided such rights do not render Tenant's utilization of the site impractical. If Landlord grants Rooftop Rights to any future tenant, operator or licensee ("Future Licensee"), and such Future Licensee's equipment interferes with Tenant's operation and use of it Equipment, Landlord will direct the Future Licensee to take all steps reasonably necessary to reduce the level of interference to a level that does not materially impair Tenant's operation and use of its Equipment. If such Future Licensee cannot or does not reduce the interference to a level that does not materially impair Tenant's operation and use of its Equipment, Landlord shall terminate the license with such Future Licensee and require the Future Licensee to remove the equipment causing such interference.

(c) *Term.* The Rooftop Rights granted to Tenant by Landlord shall have an expiration date co-terminous with the Lease Term (unless sooner terminated by Landlord or Tenant as provided herein).

(d) *Use.* Tenant agrees to use the Equipment and Connecting Equipment exclusively for its own use. Tenant shall not use the Equipment or Connecting Equipment to provide services to any outside party without Landlord's prior written consent, it being acknowledged that changes in the use of Tenant's Equipment or Connecting Equipment may increase the value of the Rooftop Rights granted herein. Tenant shall not utilize the Equipment or Connecting Equipment in any manner that is in violation of any governmental laws, rules or regulations, whether now existing or hereinafter enacted or which is in violation of the Building Rules and Regulations. Tenant may not make any use of the Equipment or Connecting Equipment that (i) is or may be a nuisance or trespass or otherwise disturbs the other tenants in the Building, (ii) increases any insurance premiums, or (iii) makes such insurance unavailable to Landlord on the Building under the insurer's standard underwriting criteria. Landlord makes no warranty or representation that the Building, the Building rooftop, or any improvements therein (including without limitation any existing equipment rooms, conduits, cables, and other spaces and products related to the operation or installation Tenant's Equipment) (hereinafter collectively the "Equipment Space") are suitable for Tenant's intended use. Landlord further makes no warranty or representation that Tenant's rooftop equipment will not be affected by or suffer interference from existing rooftop equipment, provided such existing equipment is operating in compliance with the terms and conditions allowed by the applicable rooftop agreement. Tenant acknowledges (i) that Tenant shall perform all necessary studies and reports to determine the suitability of the Equipment Space for Tenant's intended us; (ii) that Tenant has not relied on any statements, representations, or any other indications (whether verbal, written, or both) made by Landlord, its employees, officers, agents, representatives, contractors, or brokers regarding the condition and suitability of the Equipment Space for Tenant's intended use; and (iii) that Tenant has inspected the Equipment Space and accepts the same "as is" and agrees that Landlord is under no obligation to perform any work or provide any materials in preparation for the installation, maintenance or operation of Tenant's Equipment or Connecting Equipment. Tenant further acknowledges that the Equipment Space may be accessed by Landlord's authorized representatives, including but not limited to, authorized personnel representing other communications carriers, and agents, employees, contractors, representatives, and subcontractors, of Landlord.

(e)Termination. Provided Tenant is not then in default, Tenant may terminate its Rooftop Rights at any time, with or without cause, with thirty (30) days priors written notice to Landlord. Termination rights granted to Landlord and Tenant in the Lease shall also be fully applicable to the Rooftop Rights granted herein.

(f) *Rent*. Intentionally deleted.

(g) *Equipment*. The Equipment and the Connecting Equipment shall be installed behind the rooftop screen to be constructed on the roof of the Building, and otherwise in strict accordance with the covenants of the _____, the specifications set forth in Exhibit D-1 and any subsequent plans and specifications approved by Landlord as set forth herein. Tenant shall at all times operate and maintain the Equipment and the Connecting Equipment in good condition and in compliance with all federal, state, and local laws, ordinances, and rules. Equipment replacements shall be restricted to equipment substantially similar in function and size to the Equipment described in Exhibit D-1. The installation of any additional equipment or equipment dissimilar in function or size to that described in Exhibit D-1 with Landlord's prior approval, not to be unreasonably withheld or delayed, shall be deemed an act of default by Tenant. Tenant shall not place any load upon any floor or upon the roof of the Building contrary to the weight, method of installation and position reasonably prescribed by Landlord. The Equipment and Connecting Equipment shall remain at the sole risk of Tenant, and Landlord shall not be liable for any damage, theft, misappropriation or loss regardless of the cause thereof, and Tenant expressly waives any and all claims it may have against Landlord with respect to the same.

(h) *Equipment Installation*. Prior to the commencement of any work or the installation of any Equipment or Connecting Equipment, Tenant shall:

i. Prepare and deliver to Landlord an outline of the Building rooftop, indicating the proposed location of the rooftop Equipment, a description of the proposed method of installation, and the proposed routing of any rooftop Connecting Equipment. Tenant shall also describe, in reasonable detail, the proposed routing of all non-rooftop Connecting Equipment. No work shall commence until Landlord has approved, in writing, all construction and installation plans, which approval shall not be unreasonably withheld or delayed. Landlord shall indicate its approval or disapproval and notify Tenant of any required changes within ten (10) business days after Landlord receives such plans from Tenant. In no event shall Landlord's approval or change of such plans be deemed a representation that Tenant's Equipment and Connecting Equipment will not cause interference with other systems in the Building or that Tenant's plans comply with applicable laws, rules or regulations; such responsibility shall remain solely with Tenant.

ii. Tenant warrants that the installation of the Equipment and Connecting Equipment shall be in strict compliance with (i) Exhibit D-1 attached hereto; (ii) any subsequent plans and specifications approved by Landlord; (iii) all Equipment manufacturer's recommendations; and (iii) all applicable laws, rules or regulations. Tenant shall not make any material modifications to the Equipment Space without Landlord's prior written approval, which Landlord shall determine tin its soles discretion. Tenant shall also insure that the installation and construction shall be performed in a neat, responsible, and workmanlike manner, using generally accepted construction standards, consistent with such reasonable requirements as shall be imposed by Landlord. Tenant shall promptly notify when all work has been completed and all work shall be inspected by Landlord. Within five (5) business days following Tenant's completion of the installation, Tenant shall provided Landlord with documentation evidencing that all applicable permits, licenses, and approvals required for the installation, maintenance, and operation of the Equipment and Connecting Equipment have been obtained.

iii. Tenant acknowledges that the structural integrity of the load bearing capability of the roof, the moisture resistance of the roof membrane, and the ability of Landlord to safely access all parts of the roof are of critical importance to Landlord. Tenant agrees that all specifications and plans will provide sufficient specificity to ensure that these concerns are protected. Tenant shall not make any penetrations of the roof membrane without the Landlord's prior written approval. Any penetrations of the roof membrane approved by Landlord shall be made at Tenant's sole cost and expense by a qualified roofing contractor selected by Landlord to ensure full compliance with the terms of all existing roof warranties. Tenant shall be fully liable to Landlord for any unauthorized activities that violate the terms of any warranty on the roof membrane and results in the full or partial loss of any roof warranty coverage otherwise available to Landlord. Tenant shall handle all parts, materials, and substances capable of damaging the roof membrane in a manner that fully protects the integrity of the membrane. Any roof damage caused by Tenant or any of Tenant's agents, representative, employees, contractors, subcontractors or invitees shall be made at Tenant's sole cost and expense by a roofing

contractor selected by Landlord. Landlord, in its sole discretion, may require Tenant to install, at Tenant's sole cost and expense, rooftop walk pads if Landlord considers such pads necessary to protect the integrity of the roof membrane.

iv. Tenant, in the exercise of its Rooftop Rights granted herein, shall not at any time (as determined by Landlord in its sole judgment), disrupt Building operations, including but not limited to, blocking access to or in any way obstructing Building entrances, lobbies, hallways, elevators, or interfere or hinder the use of the Building's loading docks. Any work activities deemed disruptive to Building operations, including but not limited to core drillings, must be performed after normal business hours as defined by Landlord.

v. Tenant shall, at is sole cost and expense, repair or refinish any surface of the Building damaged by or during the installation, operation, maintenance or removal of Tenant's Equipment or Connecting Equipment and caused by Tenant or any of its agents, representatives, employees, contractors, subcontractors, or invitees. In the event Tenant fails to promptly repair or refinish any such damage, Landlord may, in its sole discretion, repair or refinish such damage to Landlord's satisfaction and Tenant shall reimburse Landlord for all costs and expenses incurred in such repair or refinishing together with an administrative charge of fifteen percent (15%) of such costs and expenses. All such sums shall be deemed to be Additional Rent payable to Landlord.

vi. Tenant shall attach a label to (i) all rooftop Equipment and Connecting Equipment located on the rooftop and (ii) to all cabling passing through all Building common area equipment and telephone rooms. Each label shall included, at a minimum, the following information:

a. Tenant's name;
b. Rooftop Lease #;
c. If cabling, the floor where the cable originates and the floor where it terminates;

vii. Tenant shall obtain, at its sole cost and expense, prior to the commencement of any construction activities or Equipment or Connecting Equipment installations, any necessary federal, state, and municipal permits, licenses and approvals. Tenant's Equipment and Connecting Equipment shall comply with all applicable safety standards, as modified from time to time, of any governing body with jurisdiction over Tenant's operations.

viii. Any specialized use of the elevators must be coordinated with Landlord's property manager.

ix. Tenant must properly dispose of all packing material and refuse in accordance with the Rules and Regulations.

(i)*Tenant's Covenants*.

a. Tenant shall at its sole cost and expense, maintain the Equipment and Connecting Equipment in proper operating condition and maintain same in a safe condition.

b. Tenant's Equipment and Connecting Equipment shall not disrupt, adversely affect, or interfere with (i) the operation of any existing communications equipment at the Building, (ii) any tenant's or occupant's use or operation of communications or computer devices, or (iii) the operation of any Building system. In the event interference occurs, Tenant shall correct such interference within twenty-four (24) hours after receiving written notice that such interference is possibly caused by Tenant's Equipment. Landlord reserves the right to disconnect power to any of Tenant's Equipment in the event Tenant fails to correct such interference within such twenty-four (24) hour period. Tenant hereby releases Landlord from any and all liability and damages, which results or possibly results from any such disconnection.

(j) *Utility Service*. In the event Tenant's Equipment requires utility service beyond the limits set forth in the Lease, Tenant shall pay for all related utility costs. Subject to availability as determined by Landlord in its reasonable discretion, Tenant may connect to the existing electrical service to the Building provided that

Tenant, at Tenant's sole expense, installs an Emon Dmon sub-meter capable of measuring both electricity consumption and demand. In such event, Tenant shall reimburse Landlord for the costs of Tenant's electrical use, including Landlord's administrative charge of $20.00 per month for meter reading and administrative processing. Landlord shall invoice Tenant on a monthly basis (or such other billing cycle as may be mutually acceptable to both Landlord and Tenant), and all sum due related to Tenant's electrical usage shall be due to Landlord as Additional Rent. Landlord shall have no liability to Tenant or any third party for any interruption, curtailment, stoppage, or suspension of any utility service.

(k) *Access.* Tenant hereby acknowledges that for reasons of safety and security, Landlord must restrict access to the Building rooftop and Building common areas to authorized personnel only. Landlord agrees that Tenant's authorized representative shall have access to the Equipment Space during normal business hours (typically defined as 7:30 a.m. to 4:30 p.m., Monday through Friday, excluding Holidays) free of charge. Access after normal business hours will require Landlord to dispatch personnel and Tenant shall reimburse Landlord, as Additional Rent, for the associated personnel costs at Landlord's then current overtime hourly billable rate (Landlord's overtime rate is currently $52.50 per hour). Except in the event of an emergency, Tenant agrees to give at least twenty-four (24) hours notice to Landlord of its intent to enter the Equipment Space. At the time such notice is given, Tenant shall inform Landlord of the names of the person(s) who will be accessing the Equipment Space, the reasons for the entry, and the expected duration of the work to be performed. Tenant acknowledges that Landlord may not maintain personnel on-site and any requested access without prior notification may result in unavoidable and unpredictable delays. At no time shall Tenant or any of Tenant's agents, employees, contractors, subcontractors, or representative attempt to connection, tamper with, adjust, alter, or otherwise affect the operation of any equipment or systems belonging to Landlord or any other third-party without the prior written approval of Landlord or the affected third-party, as appropriate. Landlord reserves the right, in its sole discretion, to select or approve any contractor whose work activities will connect, interact with, or potentially affect any Building equipment or systems.

(l) *Relocation*. Landlord, at its sole expense and discretion, may require Tenant to relocate any or all of the Equipment and Connecting Equipment located on the rooftop or within the Building, provided that such relocation does not materially and adversely impair the operation of the Equipment and Connecting Equipment or materially degrade the quality of transmission of the Equipment and Connecting Equipment. In the event Landlord requires Tenant to relocate Tenant's Equipment or Connecting Equipment, as the case may be, Tenant shall within sixty (60) days either: (i) terminate this License upon written notice to Landlord; or (ii) commence efforts to relocate the Equipment or the Connecting Equipment, as the case may be, and complete their relocation with on hundred twenty (120) days of the date of Landlord's original notice to Tenant to relocate, in which event Landlord shall reimburse Tenant for any reasonable, actual, out-of-pocket costs or expenses paid by Tenant to third parties in connection with such relocation. Landlord will permit Tenant to perform a standard cutover procedure, if required by any relocation of Equipment, which will ensure that the relocated Equipment is operational for services prior to discontinuing service from the old location. In the event all or a portion of the roof membrane must be repaired or replaced, or any other Building maintenance need arises that requires the temporary removal of the Equipment and Connecting Equipment, Tenant shall be fully responsible, at its sole cost and expense, for the removal and re-installation of all Equipment. Except in the case of emergencies, Landlord shall provide Tenant with forty-eight (48) hours notice of any planned repairs or replacements that will require the removal of Tenant's Equipment, unless Landlord is unable to provide forty-eight (48) hours notice due to the nature of the repair or replacement, in which event Landlord shall provide as much notice as reasonably possible. Landlord shall promptly notify Tenant when the repair or replacement is complete and the re-installation of the Equipment may commence. All Equipment shall be re-installed in strict accordance with the specifications previously approved by Landlord and in effect at the time of the Equipment's removal. Landlord shall have no liability to Tenant or any third-party for any losses incurred as a result of the relocation and re-installation.

(m) *Removal*. Provided Tenant is not in default under the terms of the Lease or its obligations under the Rooftop Rights granted herein, Tenant may, prior to the Expiration Date, remove its Equipment from the Building; provided, however, Tenant shall repair all damage caused by such removal and perform such restoration as may be required under the terms of the Lease. In any event, Tenant shall remove all of its Equipment and Connecting Equipment (unless Tenant obtains Landlord's prior written consent to allow the Connecting Equipment, or portions thereof, to remain in place and become the property of Landlord, such consent to be at Landlord's sole discretion) prior to the Expiration Date or earlier termination (for whatever cause) of Tenant's Rooftop Rights. In the event Tenant's Equipment and Connecting Equipment or any portion thereof (excepting any Connecting Equipment to remain in place per Landlord's consent as described above) is not removed prior to the Expiration Date or earlier termination of Tenant's Rooftop Rights, such property shall be deemed abandoned by Tenant and Landlord may dispose of same in whatever manner Landlord may elect without any liability to Tenant. Any expenses incurred by Landlord as a result of the removal and disposition of

Tenant's Equipment and Connecting Equipment, or any portion thereof, deemed abandoned by Tenant shall be paid to Landlord by Tenant within thirty (30) days of Tenant's receipt of Landlord's invoice.

(n) *Assignment - Sublicense*. Tenant shall not assign, sublicense, or otherwise transfer the Rooftop Rights or any portion there of without Landlord's prior written consent, which Landlord shall determine in its sole discretion. Not withstanding the foregoing, Tenant shall have the right, without Landlord's consent, but upon written notification to Landlord, to assign or sublicense Tenant's Rooftop Rights to any permitted subtenant or assignee which assumes the obligations of Tenant, and continues the same permitted use set for the in the terms and conditions set forth herein. Landlord must be given prior written notice of any such assignment or sublicense, and failure to do so shall be a default by Tenant hereunder. Acceptance of Rooftop Rent payments by Landlord after any non-permitted assignment shall not constitute approval thereof by Landlord. In no event shall Tenant's Rooftop Rights be assignable by operation of any law, and Tenant's rights hereunder may not become, and shall not be listed by Tenant s an asset under any bankruptcy, insolvency or reorganization proceedings. Tenant is not, may not become, and shall never represent itself to be an agent of Landlord, and Tenant acknowledges that Landlord's title is paramount, and that it can do nothing to affect or impair Landlord's title. If Tenant's Rooftop Rights shall be assigned or sublicensed by Tenant at a Rooftop Rent that exceeds the Rooftop Rent to be paid to Landlord hereunder, then any such excess shall be paid over to Landlord by Tenant.

EXHIBIT D-1 TO ROOFTOP LICENSE AGREEMENT
[Equipment]

EXHIBIT E
[MONUMENT SIGNAGE]

EXHIBIT F

[NON-DISTURBANCE AND ATTORNMENT AGREEMENT]

(Sample)

RECORDING REQUESTED BY

_____

WHEN RECORDED MAIL TO

The Northwestern Mutual Life Ins. Co.
720 East Wisconsin Ave. - Rm N16WC
Milwaukee, WI 53202
Attn:
Loan No. SPACE ABOVE THIS LINE FOR RECORDER'S USE

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is entered into as of , 2004, between Brown & Brown, Inc., a Florida corporation, whose mailing address is 401 E. Jackson Street, Suite 1700, Tampa, Florida 33602 ("Tenant"), Highwoods/Florida Holdings, L.P., a Delaware limited partnership, whose mailing address is 3111 W. Martin Luther King Boulevard, Suite 300, Tampa, Florida 33607, ("Borrower"), and THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation ("Lender"), whose address for notices is 720 East Wisconsin Avenue, Milwaukee, WI 53202, Attention: Real Estate Investment Department, Reference Loan No. .

RECITALS

A. Tenant is the lessee or successor to the lessee, and Borrower is the lessor or successor to the lessor under a certain lease dated , 2004 (the "Lease").

B. Lender has made, or will make, a mortgage loan to be secured by a mortgage, deed to secure a debt or deed of trust from Borrower for the benefit of Lender (as it may be amended, restated or otherwise modified from time to time, the "Lien Instrument") encumbering the fee title to and/or leasehold interest in the land described in Exhibit A attached hereto and the improvements thereon (collectively, the "Property"), wherein the premises covered by the Lease (the "Demised Premises") are located.

C. Borrower and Lender have executed, or will execute, an Absolute

Assignment of Leases and Rents (the "Absolute Assignment"), pursuant to which (i) the Lease is assigned to Lender and (ii) Lender grants a license back to Borrower permitting Borrower to collect all rents, income and other sums payable under the Lease until the revocation by Lender of such license, at which time all rents, income and other sums payable under the Lease are to be paid to Lender.

D. Lender has required the execution of this Agreement by Borrower and Tenant as a condition to Lender making the requested mortgage loan or consenting to the Lease, and Tenant has required the execution of this Agreement by Lender and Borrower as a condition to Tenant entering into the Lease.

E. Tenant acknowledges that, as its consideration for entering into this Agreement, Tenant will benefit by entering into an agreement with Lender concerning Tenant's relationship with any purchaser or transferee of the Property (including Lender) in the event of foreclosure of the Lien Instrument or a transfer of the Property by deed in lieu of foreclosure (any such purchaser or transferee and each of their respective successors or assigns is hereinafter referred to as "Successor Landlord").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tenant, Borrower and Lender agree as follows:

1. Tenant and Borrower agree for the benefit of Lender that:

(a) Tenant shall not pay, and Borrower shall not accept, any rent or additional rent more than one month in advance;

(b) Except as specifically provided in the Lease, Tenant and Borrower will not enter into any agreement for the cancellation of the Lease or the surrender of the Demised Premises without Lender's prior written consent;

(c) Tenant and Borrower will not enter into any agreement amending or modifying the Lease without Lender's prior written consent, except for amendments or modifications specifically contemplated in the Lease, including without limitation, those confirming the lease commencement date, the rent commencement date, the term, the square footage leased, the renewal or extension of the Lease, or the leasing of additional space at the Property;

(d) Tenant will not terminate the Lease because of a default thereunder by

Borrower unless Tenant shall have first given Lender written notice and a reasonable opportunity to cure such default; and

(e) Tenant, upon receipt of notice from Lender that it has exercised its rights under the Absolute Assignment and revoked the license granted to Borrower to collect all rents, income and other sums payable under the Lease, shall pay to Lender all rent and other payments then or thereafter due under the Lease, and any such payments to Lender shall be credited against the rent or other obligations due under the Lease as if made to Borrower.

(f) Tenant will not conduct any dry cleaning operations on the Demised Premises using chlorinated solvents nor will Tenant use any chlorinated solvents in the operation of their business on the Demised Premises.

(g) Tenant shall pay any and all termination fees due and payable under the Lease directly to Lender to be held by Lender/directly to Lender to be held in an account satisfactory to Lender and such fees shall be applied by Lender as follows: [DRAFTER: INSERT LANGUAGE PER STAC 320/321 OF LOAN COMMITMENT.]

2. Subject to the terms of this Agreement, the Lease is hereby subordinated in all respects to the Lien Instrument and to all renewals, modifications and extensions thereof, subject to the terms and conditions hereinafter set forth in this Agreement, but Tenant waives, to the fullest extent it may lawfully do so, the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any foreclosure proceeding.

3. Borrower, Tenant and Lender agree that, unless Lender shall otherwise consent in writing, the fee title to, or any leasehold interest in, the Property and the leasehold estate created by the Lease shall not merge but shall remain separate and distinct, notwithstanding the union of said estates either in Borrower or Tenant or any third party by purchase, assignment or otherwise.

4. If the interests of Borrower in the Property are acquired by a Successor Landlord:

(a) If Tenant shall not then be in default in the payment of rent or other sums due under the Lease or be otherwise in material default under the Lease (in each case, beyond the expiration of applicable notice and cure periods), the Lease shall not terminate or be terminated and the rights of Tenant thereunder shall continue in full force and effect except as provided in this Agreement;

(b) Tenant agrees to attorn to Successor Landlord as its lessor; Tenant shall be bound under all of the terms, covenants and conditions of the Lease for the balance of the term thereof, including any renewal options which are exercised in accordance with the terms of the Lease;

(c) The interests so acquired shall not merge with any other interests of Successor Landlord in the Property if such merger would result in the termination of the Lease;

(d) If, notwithstanding any other provisions of this Agreement, the acquisition by Successor Landlord of the interests of Borrower in the Property results, in whole or part, in the termination of the Lease, there shall be deemed to have been created a lease between Successor Landlord and Tenant on the same terms and conditions as the Lease for the remainder of the term of the Lease, except as modified by this Agreement, with renewal options, if any; and

(e) Successor Landlord shall be bound to Tenant under all of the terms, covenants and conditions of the Lease, and Tenant shall, from and after Successor Landlord's acquisition of the interests of Borrower in the real estate, have the same remedies against Successor Landlord for the breach of the Lease that Tenant would have had under the Lease against Borrower if the Successor Landlord had not succeeded to the interests of Borrower; provided, however, that Successor Landlord shall not be:

(i) Liable for the breach of any representations or warranties set forth in the Lease or for any act, omission or obligation of any landlord (including Borrower) or any other party occurring or accruing prior to the date of Successor Landlord's acquisition of the interests of Borrower in the Demised Premises, except for any repair and maintenance obligations of a continuing nature as of the date of such acquisition;

(ii) Subject to any offsets or defenses which Tenant might have against any landlord (including Borrower) prior to the date of Successor Landlord's acquisition of the interests of Borrower in the Demised Premises except to the extent that such offsets (a) were used to fund the Allowance (as defined in the Lease), including interest, or to fund the repairs, maintenance or other actions

which would otherwise be an obligation of Successor Landlord upon its acquisition of the interests of Borrower in the Property and (b) in the case of Lender becoming Successor Landlord, concerning which Lender has in fact received timely notice and an opportunity to cure prior to Tenant gaining, or taking action by which it would gain, the right to so offset against rents;

(iii) Liable for the return of any xecurity deposit under the Lease unless such security deposit shall have been actually deposited with Successor Lanlord;Premises to any third party;

(iv) Bound to Tenant for any claims arising subsequent to the date upon which Successor Landlord transfers its interest in the Demised Premises to any third party;

(v) Liable to Tenant under any indemnification provisions set forth in the Lease arising prior to Successor Landlord's acquisition of the interests of Borrower in the Property; or

(vi) Liable for any damages in excess of Successor Landlord’s equity in the Property.

The provisions of this paragraph shall be effective and self-operative immediately upon Successor Landlord succeeding to the interests of Borrower without the execution of any other instrument.

5. Tenant represents and warrants that Tenant, to its actual knowledge: (i) is not a person or entity with whom Lender is restricted from doing business with under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) is not knowingly engaged in, and shall not knowingly engage in, any dealings or transaction or knowingly be otherwise associated with such persons or entities described in (i) above; and (iii) is not a person or entity whose activities violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder.

6. This Agreement may not be modified orally or in any other manner except by an agreement in writing signed by the parties hereto or their respective successors in interest. In the event of any conflict between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall prevail. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, successors and assigns, and shall remain in full force and effect notwithstanding any renewal, extension, increase, or refinance of the indebtedness secured by the Lien Instrument, without further confirmation. Upon recorded satisfaction of the Lien Instrument, this Agreement shall become null and void and be of no further effect.

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

TENANT: BROWN & BROWN, INC.

By: _____

Attest:_____
Secretary

BORROWER: HIGHWOODS/FLORIDA HOLDINGS, L.P., a Delaware limited partnership

By: Highwoods/Florida GP Corp., its general partner

By: _____
Stephen A. Meyers
Title: Vice President - Tampa

Attest: _____

LENDER: THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, a Wisconsin corporation

By: Northwestern Investment Management Company, LLC, a Delaware limited liability company, its wholly-owned affiliate and authorized representative

By: _____
, Managing Director

Attest: _____
, Assistant Secretary

LEASE

AGREEMENT OF LEASE, made and entered into this 31 day of December, 2005, by and between **RIEDMAN CORPORATION**, a New York corporation with offices at 45 East Avenue, Rochester, New York 14604, hereinafter referred to as "***Landlord***"; and **BROWN & BROWN OF NEW YORK, INC.**, a New York corporation with offices at 45 East Avenue, Rochester, New York 14604, hereinafter referred to as "***Tenant.***"

W I T N E S S E T H :

For and in consideration of the rent and the covenants herein contained, Landlord hereby agrees to lease and let to Tenant, and Tenant does hereby take and lease from Landlord the following described premises (the "***Premises***" or "***Demised Premises***"): approximately 17,814 rentable square feet of office space located on a portion of the ground floor and all of the seventh and eighth floors in the building located at 45 East Avenue, Rochester, NY as more particularly shown on plans attached hereto and made a part hereof as Exhibit "A," said space to be taken in its as is condition together with the right with the Landlord and other tenants to public and common areas within the building; for a term of five (5) years, or until such term shall earlier terminate, cease or expire as hereinafter provided. Said term to commence on the 1st day of January, 2006, and to end on the 31st day of December, 2010, at rental and additional rental provided herein below.

The parties hereto on behalf of themselves, their successors and permitted assigns do hereby agree and covenant as follows:

RENT

1. For the initial three (3) calendar years of the Lease term, Tenant shall pay Landlord rent in the amount of Two Hundred Fifty-Five Thousand Dollars ($255,000) per annum payable monthly in advance in the amount of $21,250 on the first day of each and every month during the term hereof. During the last two calendar years of the Lease term, Tenant shall pay Landlord rent (the "Percentage Rent") in the amount of three (3%) of the annual gross revenues derived from or arising out of the business conducted by Tenant within or from the Premises (the "***Premises Revenues***") (regardless of whether for cash or for credit or where the actual revenues are recorded) for each such calendar year. During the last two calendar years of the Lease term, Tenant shall remit monthly estimates on account of the Percentage Rent, which estimates shall be paid in advance of the first day of each month. During the fourth calendar year of the term, the monthly estimates shall be in the amount of one-twelfth of the actual Percentage Rent payable for the fourth calendar year of the term, except that Tenant shall continue to pay monthly estimates of $21,250 until the final Percentage Rent due for the fourth calendar year has been finalized. During the last two calendar years of the Lease term, the Tenant shall, within 30 days after the completion of each fiscal quarter, deliver to Landlord a certificate that sets forth the Premises Revenues on a year-to-date basis and the Percentage Rent due for such quarter. If the actual Percentage Rent due for such quarter is greater than the amount of the estimates paid by Tenant for such quarter, then the certificate shall be accompanied by a payment equal to the shortfall. If the actual Percentage Rent due for such quarter is less than the amount of the estimates paid by Tenant for such quarter, then Tenant shall be entitled to a credit for such overpayment, which credit may be taken by Tenant against the next monthly estimate(s) due hereunder. Each quarterly certificate delivered by Tenant shall be signed by the Tenant's Vice President-Finance and shall contain undertaking therein that the information contained therein is true, accurate and complete, has been derived from the books and records of Tenant and that Tenant has complied with its obligations under this Paragraph 1.

All rent shall be paid at the address specified herein above for the Landlord or at such other place as Landlord may designate in writing, from time to time. All rent shall be paid without demand and without counterclaim, deduction or setoff.

For the purposes of this Section 1, the term “gross revenues” means the total gross dollar amount of all sales, charges for the rendering of services, or other revenues. The parties intend for the foregoing definition to be interpreted as broadly as possible.

Tenant agrees to maintain financial records, which specifically account for gross revenues for the Premises. Tenant further agrees to refrain from taking any actions that would tend to manipulate or decrease the gross revenues for the Premises, including, without limitation, the diversion of gross revenues with the intent to decrease the amount of rent due hereunder. Landlord shall have the right to review the financial records of Tenant with respect to the Premises, upon the completion of the third year of the Lease term and upon the completion of each year of the Lease term thereafter. In the event Tenant fails to maintain such financial records or fails to comply with Landlord’s request to review such financial records, Landlord may, in its sole discretion, consider Tenant to be in breach of this Lease and may take action in accordance with Section 17 hereof.

USE

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

REAL PROPERTY TAXES

3. Tenant shall pay, within thirty (30) days after receipt of a bill therefore, as additional rental, its pro-rata share of any increase in real property taxes levied against 45 East Avenue, over and above the Monroe County tax including all portions thereof, and any replacement or substitution therefore for the year 2006; and over and above the City of Rochester, City and School tax, including all portions thereof; or any replacement or substitution therefore and including any and all additional charges or assessments thereon whether or not identified as a tax, user charge or other designation for the fiscal year, July 1, 2005 to June 30, 2006; whether said increases arise out of a change in rate, assessments, or any other case. Tenant further covenants and agrees to pay its pro-rata share of all water pollution charges, including, without limitation, pure water charges of any kind and nature, and including any replacement or substitution therefore, regardless of source, levied against 45 East Avenue within thirty (30) days after receipt of a bill.

PRO RATA SHARE

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

CARE AND REPAIR OF PREMISES AND ALTERATIONS

5. Tenant shall commit no act of waste and shall take good care of the Demised Premises and fixtures and appurtenances therein, and shall, in the use and occupancy of the Premises, conform to all laws, orders and regulations of the Federal, State and Municipal governments, or any of their departments, and regulations of the New York Board of Fire Underwriters, applicable to the Premises; Tenant shall not do or permit to be done any act or thing upon the Premises, which will invalidate or be in conflict with the fire insurance policies covering the building of which the Demised Premises form a part, and fixtures and property therein, and shall not do, or permit to be done, any act or thing upon said Premises which shall or might be subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said Premises or for any other reason. Upon termination of the term, Tenant shall surrender the Premises in as good condition as they were at the beginning of the term, reasonable wear, and damage by fire, the elements, casualty, or other cause not due to the misuse or neglect by Tenant or Tenant's agents, servants visitors or licensees, expected. Tenant shall not mark, paint, drill into, or in any way harm or deface any part of the Demised Premises or the building of which they form a part. Landlord has not conveyed to Tenant any rights in or to the outer side of the outside walls of the building of which the Demised Premises are a part, and except as provided herein Tenant shall not display or erect any lettering, signs, advertisements, awnings or other projections or do any boring, or cutting, or stringing of wires in or, on the Demised Premises or in or on the building of which they form a part, or make any alterations, decorations, installations, additions or improvements in or to the Demised Premises or in or to the building of which they form a part, without the prior written consent of Landlord, and at Tenant's sole expense. No water cooler, air-conditioning unit or system or other apparatus shall be installed or used by Tenant without the written consent of the Landlord. All alterations, decorations, installations, additions or improvements upon the Demised Premises, made by either party, (including paneling, partitions, railings, mezzanine floors, galleries and the like), but excepting movable trade fixtures shall, at Landlord's option, become the property of the Landlord.

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

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

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

SIGNS

6. Tenant shall not place or cause or allow to be placed any sign or signs of any kind whatsoever at, in or above the entrance to the building or to the Demised Premises or any part thereof except in or at such place or places a may be approved by Landlord in writing. In the event that Landlord shall deem it necessary to remove any such sign or signs in order to paint and make repairs, alterations or improvements in or upon said Premises or building or any part thereof, the Landlord shall have the right to do so and the cost of removing and replacing said signs shall be borne by the Tenant.

SUBORDINATION

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

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

NO ASSIGNMENT, NO SUBLETTING

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

PROPERTY LOSS, DAMAGE, REIMBURSEMENT

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

DESTRUCTION - FIRE OR OTHER CASE

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

INSURANCE; WAIVERS OF SUBROGATION

11. Landlord shall insure the building of which the Demised Premises are a part against fire and other uses included in standard extended coverage by policies. Tenant shall maintain throughout the term of this Lease broad from comprehensive general liability insurance (written on an occurrence basis and including contractual liability coverage and an endorsement for bodily injury) in minimum amounts carried by prudent tenants engaged in similar operations but in no event in an amount less than Two Million Dollars ($2,000,000.00) combined single limit per occurrence. Tenant shall also carry property insurance in an amount not less than that required to replace all of its fixtures, improvements personal property and all other contents of the Premises. Tenant further covenants and agrees to cause all said insurance to be placed with insurance companies authorized and licensed to issue such policies in the State of New York and to maintain such insurance at all times during the term of this Lease. Tenant covenants and agrees that each such policy shall name landlord as additional insured. Tenant shall deliver a certificate of such insurance to landlord concurrently with Tenant's execution of this Lease and at least annually thereafter. Landlord and Tenant each hereby waive any and all right to recover against the other (or against their respective officers, directors, trustees, partners, joint venturers, employees or agents) for any required to be carried by such party pursuant to this or, if greater, actually carried by such party. Landlord and Tenant shall secure appropriate waivers of subrogation from their respective insurance carriers; and each party will, upon request, deliver to the other a certificate evidencing such waiver of subrogation by the insurer.

SERVICES - ELEVATOR; HVAC, WATER & CLEANING

12. Landlord shall furnish the following services;

(a) Automatic passenger elevator service;

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

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

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

(e) Electricity for usual office requirements;

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

NO OBSTRUCTIONS

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

ABANDONMENT

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

CONDEMNATION

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

INDEMINIFICATION

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

WAIVER OF TRIAL BY JURY & RIGHT OF REDEMPTION

17. It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by wither of the parties hereto against the other on any matters whatsoever arising our of or in any way, connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of said Premises and/or any claim of injury or damage, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Landlord commences any proceeding for non-payment of rent, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding, Tenant hereby further waives any right of redemption after summary proceedings and the right to a

distributes and assigns and on behalf of all persons or corporations claiming through or under this Lease, together with creditors of all classes and all other persons having an interest therein.

NO WAIVER

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

DEFAULT, LANDLORD REMEDIES

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

In the event the Landlord recovers the Demised Premises as a result of a breach of the terms covenants and conditions contained in this Lease, as heretofore and hereafter referred to, the Landlord, at his option, reserves the right to relet the Premises, either in the name of the Landlord or Tenant for a term or terms which may, at the Landlord's option, extend beyond the balance of the term of this Lease; and the Tenant shall pay the Landlord any deficiency between the rent hereby reserved and covenanted to be paid and the net amount of the rents collected on such reletting, as well as any reasonable expenses incurred by the Landlord in such relation, including, but not limited to, attorney's fees, brokers' fees, expenses for putting

the Demised Premises in good order and preparing same for rental. Such deficiency shall be paid in monthly installments upon statements rendered by the Landlord to the Tenant, any suits brought to collect the amount of the deficiency for any one or Tore months shall not preclude any subsequent suit or suits to collect the deficiency for any subsequent months.

No receipt of monies by the Landlord from the Tenant or the termination in any way of this Lease or after the giving of any notice shall reinstate, continue or extend the term of this Lease or affect any notice given to the Tenant prior to the receipt of such money; it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Demised Premises, the Landlord any received and collect any rent due, and the payment of said rent shall not waive or affect said notice, suit or judgment.

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

(c) Any and all rights and remedies given to the Landlord herein with respect to the recovery of the Demised Premises by reason of the Tenant's default or breach of any of the terms and provisions thereof, including without limitation, the payment of any sums due pursuant hereto, of the right to re-enter and take possession of the Demised Premises upon the happening of any such breach or default, or the right to maintain any action for rent or cumulative remedies; and no one of them, whether exercised by the Landlord as distinct, separate and deemed to be an exclusion of any of the others. In any action by Landlord in, furtherance of its shall be entitled to collect from Tenant any and all reasonable attorneys fees in addition to any other costs and expenses allowed by law.

BANKRUPTCY

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

LANDLORD'S RIGHT TO CURE

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

MECHANIC'S LIEN

22. Tenant shall within ten (10) days after notice from Landlord discharge any mechanic's lien for materials or labor claimed to have furnished to the Demised Premises; on Tenant's behalf. In the event the Tenant shall fail to cause such mechanic's lien to be discharged by payment or posting of a bond, landlord may thereupon take any steps it deems reasonably necessary for the discharge of such mechanic's lien, including the payment of the amounts claimed therein, whereupon any sums paid by the Landlord for the purpose of securing such discharge, including any and all reasonable attorneys' fees, shall be deemed additional rent, payable on demand.

POSSESSION

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

INTERRUPTION OF SERVICE OR USE

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

MARGINAL NOTATIONS

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

QUIET ENJOYMENT

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

BILLS & NOTICES

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

GLASS

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

SUCCESSORS AND ASSIGNS

29. The provisions of this Lease shall apply to and bind the Tenant, and its successors and permitted assigns. The provisions of this Lease shall apply to and bind and inure to the benefit of Landlord and its successors and assigns.

ESTOPPEL CERTIFICATE

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

RULES & REGULATIONS

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

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

LANDLORD
RIEDMAN CORPORATION

By: /s/ John Riedman
John Riedman, Chairman

TENANT
BROWN & BROWN OF NEW YORK, INC.

By: /s/ Thomas E. Riley
Thomas E. Riley

BROWN & BROWN, INC.
ACTIVE SUBSIDIARIES

Florida Corporations:

1. B & B Insurance Services, Inc.
2. B & B Protector Plans, Inc.
3. Braishfield Associates, Inc.
4. Brown & Brown Disaster Relief Foundation, Inc. (non-profit)
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.

Foreign Corporations:

12. Acumen Re Management Corporation (DE)
13. AFC Insurance, Inc. (PA)
14. American Specialty Insurance & Risk Services, Inc. (IN)
15. Balcones-Southwest, Inc. (TX)
16. Brown & Brown Agency of Insurance Professionals, Inc. (OK)
17. Brown & Brown Insurance Agency of Virginia, Inc. (VA)
18. Brown & Brown Insurance Benefits, Inc. (TX)
19. Brown & Brown Insurance of Arizona, Inc. (AZ)
20. Brown & Brown Insurance of Georgia, Inc. (GA)
21. Brown & Brown Insurance of Nevada, Inc. (NV)
22. Brown & Brown Insurance Services of El Paso, Inc. (TX)
23. Brown & Brown Insurance Services of San Antonio, Inc.(TX)
24. Brown & Brown Insurance Services of Texas, Inc. (TX)
25. Brown & Brown Metro, Inc. (NJ)
26. Brown & Brown of Arkansas, Inc. (AR)
27. Brown & Brown of Bartlesville, Inc. (OK)
28. Brown & Brown of California, Inc. (CA)
29. Brown & Brown of Central Oklahoma, Inc. (OK)
30. Brown & Brown of Colorado, Inc. (CO)
31. Brown & Brown of Connecticut, Inc. (CT)
32. Brown & Brown of GF/EGF, Inc. (ND)
33. Brown & Brown of Illinois, Inc. (IL)
34. Brown & Brown of Iowa, Inc. (IA)
35. Brown & Brown of Kentucky, Inc. (KY)
36. Brown & Brown of Louisiana, Inc. (LA)
37. Brown & Brown of Michigan, Inc. (MI)
38. Brown & Brown of Minnesota, Inc. (MN)
39. Brown & Brown of Mississippi, Inc. (MS)
40. Brown & Brown of Missouri, Inc. (MO)
41. Brown & Brown of New Hampshire, Inc. (NH)
42. Brown & Brown of New Jersey, Inc. (NJ)
43. Brown & Brown of New York, Inc. (NY)
44. Brown & Brown of North Carolina, Inc. (NC)
45. Brown & Brown of North Dakota, Inc. (ND)
46. Brown & Brown of Ohio, Inc. (OH)
47. Brown & Brown of Pennsylvania, Inc. (PA)
48. Brown & Brown of South Carolina, Inc. (SC)
49. Brown & Brown of Tennessee, Inc. (TN)

50. Brown & Brown of Washington, Inc. (WA)
51. Brown & Brown of West Virginia, Inc. (WV)
52. Brown & Brown of Wisconsin, Inc. (WI)
53. Brown & Brown of Wyoming, Inc. (WY)
54. Brown & Brown Premium Finance Co. (VA)
55. Brown & Brown Re, Inc. (CT)
56. Brown & Brown Realty Co. (DE)
57. Conduit Insurance Managers, Inc. (TX)
58. ECC Insurance Brokers, Inc. (IL)
59. Energy & Marine Underwriters, Inc. (LA)
60. Graham-Rogers, Inc. (OK)
61. Hardin & Wilson, Inc. (AR)
62. Healthcare Insurance Professionals, Inc. (TX)
63. International E&S Insurance Brokers, Inc. (CA)
64. John Manner Insurance Agency, Inc. (DE)
65. Lancer Claims Services, Inc. (NV)
66. Payease Financial, Inc. (OK)
67. Peachtree Special Risk Brokers of New York, LLC (NY)
68. Peachtree Special Risk Brokers, LLC (GA)
69. Peachtree Special Risk Insurance Brokers of NV, Inc. (NV)
70. Peachtree West Insurance Brokers, Inc. (CA)
71. Proctor Financial, Inc. (MI)
72. Roswell Insurance & Surety Agency, Inc. (NM)
73. Technical Risks, Inc. (TX)
74. TES Acquisition Corp. (CA)
75. The Flagship Group, Ltd. (VA)
76. The Young Agency, Inc. (NY)
77. Title Pac, Inc. (OK)
78. Unified Seniors Association, Inc. (GA - non-profit)

Indirect Subsidiaries:

79. Axiom Re, Inc. (FL)
80. Azure IV Acquisition Corporation (AZ)
81. Brown & Brown of Indiana, Inc. (IN)
82. Brown & Brown of Lehigh Valley, Inc. (PA)
83. Brown & Brown of New Mexico, Inc. (NM)
84. Brown & Brown of Northern California, Inc. (CA)
85. Brown & Brown of Southwest Indiana, Inc. (IN)
86. Ernest Smith Insurance Agency, Inc. (FL)
87. Florida Intracoastal Underwriters, Limited Company (FL)
88. Graham-Rogers of Arkansas, Inc. (AR)
89. Hotel-Motel Insurance Group, Inc. (FL)
90. MacDuff America, Inc. (FL)
91. MacDuff Pinellas Underwriters, Inc. (FL)
92. MacDuff Underwriters, Inc. (FL)

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 14, 2006 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, 2005.

/S/ DELOITTE & TOUCHE LLP

Jacksonville, FL
March 14, 2006

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 2005 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 25, 2006

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 2005 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 25, 2006

POWER OF ATTORNEY

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/S/ SAMUEL P. BELL III
Samuel P. Bell, III

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ HUGH M. BROWN
Hugh M. Brown

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ BRADLEY CURREY, JR.
Bradley Currey, Jr.

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ THEODORE J. HOEPNER

Theodore J. Hoepner

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ DAVID H. HUGHES
David H. Hughes

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ JOHN R. RIEDMAN
John R. Riedman

Dated: January 25, 2006

POWER OF ATTORNEY

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/S/ JAN E. SMITH
Jan E. Smith

Dated: January 25, 2006

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 2005 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 25, 2006

POWER OF ATTORNEY

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/S/ CORY T. WALKER
Cory T. Walker

Dated: January 25, 2006

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 14, 2006

/s/ J. Hyatt Brown
J. Hyatt Brown
Chief Executive Officer

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 14, 2006

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer

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, 2005 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 14, 2006

/s/ J. Hyatt Brown
J. Hyatt Brown
Chief Executive Officer

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, 2005 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 14, 2006

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer