

304036

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CORPORATION(S) NAME

Merger

Roger Bouchard Insurance, Inc.

Merging: Connell & Herrig Insurance, Inc.

☐ Profit	☐ Amendment	☒ Merger
☐ Nonprofit		
☐ Foreign	☐ Dissolution/Withdrawal	☐ Mark
	☐ Reinstatement	
☐ Limited Partnership	☐ Annual Report	☐ Other
☐ LLC	☐ Name Registration	☐ Change of RA
	☐ Fictitious Name	☐ UCC
☐ Certified Copy	☐ Photocopies	☐ CUS
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Name _____
Availability 6/12/00
Document _____
Examiner ADR
Updater ASR
Verifier _____
Acknowledgement _____
W.P. Verifier _____

06/09/00

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DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
Merger Sheet

MERGING: _____

CONNELL & HERRIG INSURANCE, INC., a Florida corporation V03449

INTO

ROGER BOUCHARD INSURANCE, INC., a Florida entity, 304036.

File date: June 9, 2000

Corporate Specialist: Annette Ramsey

ARTICLES OF MERGER
OF
CONNELL & HERRIG INSURANCE, INC.
(a Florida corporation)
AND
ROGER BOUCHARD INSURANCE, INC.
(a Florida corporation)

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1105 of the Florida Business Corporation Act, these Articles of Merger provide that:

Article I

Name of Surviving Corporation

Connell & Herrig Insurance, Inc., a Florida corporation ("Connell & Herrig"), shall be merged with and into Roger Bouchard Insurance, Inc., a Florida corporation ("Bouchard"), and Bouchard shall be the surviving corporation.

Article II

Plan of Merger

The Agreement and Plan of Merger is attached hereto as Exhibit "A."

Article III

Effective Time of Merger

These Articles of Merger and the Merger shall become effective upon the filing of these Articles of Merger.

Article IV

Approval of the Merger

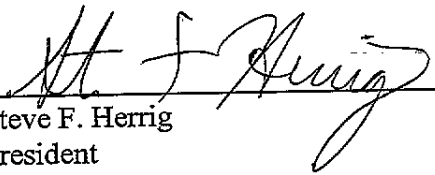
The Agreement and Plan of Merger dated June 2, 2000, pursuant to which Connell & Herrig shall be merged with and into Bouchard (the "Merger"), was adopted by and unanimously approved, in accordance with Florida law, by the Board of Directors of Connell & Herrig, and the Board of Directors of Connell & Herrig voted to submit the Merger to a vote of Connell & Herrig

shareholders with a unanimous recommendation that the Merger be approved. The Merger, having been so submitted to the Connell & Herrig shareholders, was approved by the shareholders of Connell & Herrig by unanimous written consent dated as of June 2, 2000.

In accordance with Florida law, the Merger was adopted by the directors of Bouchard at a special meeting of the Board of Directors held on April 12, 2000. Approval of the merger by the shareholders of Bouchard was not required.

IN WITNESS WHEREOF, these Articles of Merger have been executed on behalf of Connell & Herrig and Bouchard by their authorized officers as of June 9, 2000.

CONNELL & HERRIG INSURANCE, INC.

By: 
Steve F. Herrig
President

ROGER BOUCHARD INSURANCE, INC.

By: _____
Tim A. Bouchard
Vice President

shareholders with a unanimous recommendation that the Merger be approved. The Merger, having been so submitted to the Connell & Herrig shareholders, was approved by the shareholders of Connell & Herrig by unanimous written consent dated as of June 2, 2000.

In accordance with Florida law, the Merger was adopted by the directors of Bouchard at a special meeting of the Board of Directors held on April 12, 2000. Approval of the merger by the shareholders of Bouchard was not required.

IN WITNESS WHEREOF, these Articles of Merger have been executed on behalf of Connell & Herrig and Bouchard by their authorized officers as of June 9, 2000.

CONNELL & HERRIG INSURANCE, INC.

By: _____
Steve F. Herrig
President

ROGER BOUCHARD INSURANCE, INC.

By: Tim A. Bouchard
Tim A. Bouchard
Vice President

"EXHIBIT A"

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

F.N.B. CORPORATION,

ROGER BOUCHARD INSURANCE, INC.,

CONNELL & HERRIG INSURANCE, INC.

AND

THE SHAREHOLDERS OF CONNELL & HERRIG INSURANCE, INC.

Dated as of June 2, 2000

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|----|--|
| 1. | Shareholders and Percentage Ownership of Connell & Herrig |
| 2. | Form of Employment Agreement for Bill and Joanne Connell |
| 3. | Form of Non-Competition/Non-Solicitation Agreement for Steve F. Herrig |
| 4. | Accredited Shareholder Supplement/Purchaser Questionnaire |
| 5. | Opinion of Taso M. Milonas, P.A. |

SCHEDULES

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of June 2, 2000, by and among F.N.B. CORPORATION ("FNB"), a Pennsylvania corporation having its principal office located in Hermitage, Pennsylvania; ROGER BOUCHARD INSURANCE, INC. ("Bouchard"), a Florida corporation having its principal office located in Clearwater, Florida and a wholly owned subsidiary of FNB; CONNELL & HERRIG INSURANCE, INC. ("Connell & Herrig"), a Florida corporation having its principal office located in Sarasota, Florida; and each of the shareholders of Connell & Herrig set forth on Exhibit 1 hereto ("Shareholders").

PREAMBLE

The Boards of Directors of FNB, Bouchard and Connell & Herrig are of the opinion that the acquisition described herein is in the best interests of the parties and their respective shareholders. This Agreement provides for the acquisition of Connell & Herrig by FNB pursuant to the merger of Connell & Herrig with and into Bouchard (the "Merger"). At the effective time of such Merger, the outstanding shares of the capital stock of Connell & Herrig, \$1.00 par value per share (the "Connell & Herrig Common Shares") shall be converted into shares of the common stock of FNB, \$2.00 par value per share (the "FNB Common Stock"). As a result, shareholders of Connell & Herrig shall become shareholders of FNB. The transactions described in this Agreement are subject to the approvals of the shareholders of Connell & Herrig and the satisfaction of certain other conditions described in this Agreement. It is the intention of the parties to this Agreement that the Merger for federal income tax purposes shall qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the parties agree as follows:

ARTICLE 1

TRANSACTIONS AND TERMS OF MERGER

1.1 *Merger.* Subject to the terms and conditions of this Agreement, at the Effective Time, Connell & Herrig shall be merged with and into Bouchard in accordance with the provisions of the Florida Business Corporation Act (the "FBCA"). At the Effective Time, the separate existence of Connell & Herrig shall cease, and Bouchard shall be the surviving corporation resulting from the Merger (the "Surviving Corporation"). From and after the Effective Time, the Merger shall have the effects specified in the FBCA. The Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of FNB, Bouchard and Connell & Herrig.

1.2 *Time and Place of Closing.* The closing of the transactions contemplated by this Agreement (the "Closing"), including the Merger, shall take place at 10:00 A.M., local time, on a date specified by the parties as they, acting through their chief executive officers or chief financial officers, may mutually agree (the "Closing Date"), provided that such Closing shall not occur prior to the Effective Time.

1.3 *Effective Time.* The Merger and other transactions contemplated by this Agreement shall become effective on the date and at the time on which the Articles of Merger containing the provisions required by, and executed in accordance with, the FBCA (the "Florida Articles of Merger") shall have been accepted for filing by the Secretary of State, State of Florida, or such later date and time as is agreed in

writing by the parties to this Agreement and specified in the Florida Articles of Merger (the "Effective Time"). Unless the parties to this Agreement otherwise mutually agree in writing, the parties to this Agreement shall file the Florida Articles of Merger on the date of Closing and shall use their best efforts to cause the Effective Time to occur on the date of Closing.

1.4 *Articles of Incorporation.* Pursuant to the Merger, the Articles of Incorporation of Bouchard in effect at the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until otherwise amended or repealed in accordance with applicable law.

1.5 *Bylaws.* Pursuant to the Merger, the Bylaws of Bouchard in effect at the Effective Time shall be the Bylaws of the Surviving Corporation until otherwise amended or repealed in accordance with applicable law.

1.6 *Directors and Officers.* Pursuant to the Merger, the directors and officers of Bouchard prior to the Effective Time shall be the directors and officers of the Surviving Corporation, each to hold office in accordance with the Articles and Bylaws of the Surviving Corporation.

1.7 *Shareholders Meeting of Connell & Herrig.* Connell & Herrig will take all action necessary, in accordance with the FBCA and other applicable law and its articles of incorporation and bylaws, to approve the Merger, this Agreement and the transaction contemplated hereby at a special meeting of the Shareholders or by unanimous written consent.

1.8 *Exchange of Certificates.*

(a) From and after the Effective Time, each Shareholder shall be entitled to receive, upon delivery to FNB of any documents or agreements evidencing such ownership reasonably requested by FNB therefor, together with this Agreement and any other document, instrument or agreement contemplated herein including pursuant to Section 1.8(c), his pro rata share of the Merger Consideration (as defined in Section 2.1) in exchange for his Connell & Herrig Common Shares as set forth on Exhibit 1. Upon delivery to FNB of such documents as are required by this Agreement, FNB shall, pursuant to this Agreement, promptly deliver to the Shareholder entitled thereto the Merger Consideration in exchange for such Connell & Herrig Common Shares.

(b) From and after the Effective Time, certificates for Connell & Herrig Common Shares shall represent solely the right to receive the Merger Consideration in respect of the Connell & Herrig Common Shares, and shall have no other rights. No interest shall accrue or be payable on the Merger Consideration. Upon the issuance of certificates representing shares of FNB Common Stock constituting the Stock Consideration portion of the Merger Consideration, the Shareholders shall become shareholders of FNB entitled to all rights and privileges appertaining thereto.

(c) Anything in this Agreement to the contrary notwithstanding, no Shareholder shall be entitled to receive the Merger Consideration unless and until such Shareholder has duly executed and delivered this Agreement and any releases and other documents, instruments and agreements contemplated by this Agreement.

(d) The shares of FNB Common Stock to be issued to the Shareholders pursuant to Article 2 shall be characterized as "restricted securities" for purposes of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") and each certificate representing any such

shares shall bear a legend identical or similar in effect to the following legend (together with any other legend or legends required by applicable state securities laws or otherwise):

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, IN RELIANCE UPON CERTAIN EXEMPTIVE PROVISIONS OF SAID ACTS. SAID SECURITIES CANNOT BE SOLD OR TRANSFERRED WITHOUT SUCH REGISTRATION UNLESS, IN THE OPINION OF COUNSEL TO THE ISSUER, AN EXEMPTION FROM SUCH REGISTRATION IS THEN AVAILABLE."

ARTICLE 2

MERGER CONSIDERATION

2.1 *Merger Consideration.* At the Effective Time, all of the issued and outstanding Connell & Herrig Common Shares shall cease to exist and will be converted into the right to receive (i) cash in the amount of \$341,000 (the "Cash Consideration"); and (ii) that number of shares of FNB Common Stock which results by dividing (a) the Aggregate Purchase Price (as defined in Section 2.2 below) less \$341,000 by (b) \$18.65 (the "Stock Consideration") (collectively, the Cash Consideration and the Stock Consideration shall be referred to as the "Merger Consideration"). Subject to Section 2.2(c) below, the Merger Consideration shall be delivered to the Shareholders of Connell & Herrig pro rata in accordance with their respective ownership of Connell & Herrig Common Shares as set forth on Exhibit "1" hereto and such FNB Common Stock to be issued shall be credited on behalf of such Shareholders in an account established by the Shareholders with the "F.N.B. Corporation Dividend Reinvestment and Direct Stock Purchase Plan."

2.2 *Aggregate Purchase Price.* As full, final and complete consideration for the Connell & Herrig Common Shares to be received by FNB as described in Section 2.1 hereof, the Merger Consideration to be delivered shall have an aggregate value equal to Two Million Nine Hundred and Six Thousand Seven Hundred Ninety-Three Dollars (\$2,906,793) (the "Aggregate Purchase Price"), subject to the following adjustments:

(a) Purchase Price Adjustments. To the extent that Tangible Net Worth as set forth on the Final Closing Balance Sheet (as hereinafter defined), is an amount less than \$(1,293,207) (negative One Million Two Hundred and Ninety-Three Thousand Two Hundred and Seven Dollars), the Aggregate Purchase Price shall be reduced by the amount by which Tangible Net Worth is less than \$(1,293,207) (the "Negative Adjustment"). To the extent that Tangible Net Worth as set forth on the Final Closing Balance Sheet exceeds \$(1,293,207), the Aggregate Purchase Price shall be increased by the amount by which Tangible Net Worth exceeds \$(1,293,207) (the "Positive Adjustment"). For purposes of this Agreement, "Tangible Net Worth" shall be the total shareholders' equity less any intangible assets (net of amortization) as reflected on the Final Closing Balance Sheet.

(b) Procedure for Purchase Price Adjustments. Either the Positive or the Negative Adjustment shall be made as provided in this Section 2.2(b):

(1) Not later than the fifth business day prior to Closing, Connell & Herrig will deliver to FNB an unaudited balance sheet as of May 31, 2000 (the

"Proposed Closing Balance Sheet"). The Proposed Closing Balance Sheet shall be prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and with the books and records of Connell & Herrig and will fairly represent, in accordance with GAAP, the assets, liabilities and shareholders' equity of Connell & Herrig.

(2) Prior to Closing and following its receipt of the Proposed Closing Balance Sheet, FNB will notify Connell & Herrig in writing setting forth in reasonable detail the basis therefor, if they disagree with any specific component of the Proposed Closing Balance Sheet. The parties will promptly negotiate in good faith to resolve each item as to which there is any disagreement. To the extent any such disagreements are resolved in this fashion and reflected on the Proposed Closing Balance Sheet, the parties will be conclusively presumed to have accepted the Proposed Closing Balance Sheet for all purposes under this Agreement and such agreed upon balance sheet shall be final and binding (the "Final Closing Balance Sheet") and will be attached as Schedule 2.2(b) to this Agreement at Closing.

(3) In the event that the parties are unable to come to an agreement regarding items on the Proposed Closing Balance Sheet, all such disputed items shall be submitted for resolution to a firm of independent accountants (the "Auditor"), which Auditor shall be independent of any of FNB, Connell & Herrig, the Shareholders or their respective affiliates. The Auditor shall be selected by mutual agreement of the parties. In the event that the parties are unable to come to an agreement with respect to selection of the Auditor, each of FNB and Connell & Herrig shall designate a firm of independent accountants and the two designated firms shall select a third firm of independent accountants, which firm shall be the Auditor. FNB and Connell & Herrig shall each (i) cooperate fully with the Auditor and furnish to the Auditor such work papers and other documents and information as the Auditor may request, (ii) bear 50% of the fees and expenses of the Auditor incurred in connection with the dispute resolution procedure pursuant to this Section 2.2(b)(3), and (iii) be afforded an opportunity to present to the Auditor any material it deems relevant and to discuss the matters in dispute with the Auditor. FNB and Connell & Herrig shall use their reasonable best efforts to cause the report of the Auditor to be rendered within 10 days of its appointment. The Auditor's determination as to the appropriateness and extent of changes (if any) disputed items on the Proposed Closing Balance Sheet shall be final and binding.

(c) Contingent Stock Consideration. In the event that Connell & Herrig and the Shareholders have not fulfilled the condition precedent under Section 7.12 of the Agreement as of the Closing Date and FNB and Bouchard waive such condition and proceed with the Closing, the Stock Consideration portion of the Merger Consideration which would otherwise have been issuable to the Shareholders pursuant to Section 2.1 above shall be reduced by that number of shares of FNB Common Stock which results from dividing \$150,000 by \$18.65, or 8,042.895 shares (the "Contingent Shares"). The Contingent Shares will be issued to the Shareholders upon the earlier of (i) such time as FNB shall have been provided with written notice from the Shareholders that the conditions set forth in Section 7.12 of the Agreement have been satisfied; or

(ii) a final reconciliation of the Profit Return Agreement (as defined herein) has been completed. At such time, FNB shall cause the Contingent Shares to be issued to the Shareholders pro rata in accordance with their respective ownership of Connell & Herrig Common Shares as set forth on Exhibit "1" hereto and the Contingent Shares shall be credited on behalf of such Shareholders in an account established by the Shareholders with the "F.N.B. Corporation Dividend Reinvestment and Direct Stock Purchase Plan."

ARTICLE 3

MANNER OF CONVERTING SHARES

Subject to the provisions of this Article 3, at the Effective Time, by virtue of the Merger and without any action on the part of FNB, Bouchard or Connell & Herrig, or the shareholders of any of the foregoing, the shares of the constituent corporations shall be converted as follows:

(a) Each share of common stock of the Surviving Corporation issued and outstanding immediately prior to the Effective Time shall remain outstanding and issued entirely to FNB.

(b) Each share of FNB Capital Stock issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(c) Each Connell & Herrig Common Share issued and outstanding immediately prior to the Effective Time shall be canceled and terminated and will be converted into the right to receive the Merger Consideration (subject to Section 2.2(c) above) in proportion to the ownership interest each Shareholder of Connell & Herrig has in Connell & Herrig immediately prior to Closing, as set forth on Exhibit "1" hereto.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF CONNELL & HERRIG AND THE SHAREHOLDERS

Connell & Herrig and the Shareholders, jointly and severally, make the following representations and warranties to FNB and Bouchard, each of which is true and correct on the date hereof, shall be unaffected by any investigation heretofore or hereafter made by FNB or Bouchard, or any knowledge of FNB or Bouchard, and shall survive the Closing of the transactions as provided for in Section 9.1 hereof. In the absence of a specific cross-reference, information set forth in the schedules attached hereto (each a "Schedule" or collectively, the "Schedules") specifically refers to the article and section of this Agreement to which such information is responsive, and such information shall not be deemed to have been disclosed with respect to any other article or section of this Agreement. No Schedule shall vary, change or alter the language of the representations and warranties contained in this Agreement, and to the extent the language in a Schedule does not conform to the language of such representations and warranties, such language in the Schedule shall be disregarded and be of no force or effect.

4.1 Organization.

(a) Formation; Good Standing. Connell & Herrig is a corporation duly organized, validly existing and in active status under the laws of the State of Florida.

(b) Authority. Connell & Herrig has all requisite corporate power, authority and right to own, operate and lease its properties and to carry on its business as and where such is now being conducted.

(c) Qualification. Connell & Herrig is not required to be duly licensed or qualified to do business as a foreign corporation in any jurisdiction.

(d) Subsidiaries. Connell & Herrig does not own, directly or indirectly, any capital stock, or other equity securities of any corporation or have any direct or indirect equity or other ownership interest in any entity or business. Except for Connell & Herrig, or as set forth on Schedule 4.1(d), none of the Shareholders has a direct or indirect equity or ownership interest in a business or entity that is wholly or partially engaged in the business of banking or any business similar or ancillary thereto, including the insurance business, other than ownership of five percent (5%) or less of the voting securities of any entity whose securities are publicly traded in the over the counter market or on a national securities exchange.

(e) Company Records, etc. The copies of the articles of incorporation and bylaws of Connell & Herrig, including any amendments thereto, which have been delivered to FNB and Bouchard are true, correct and complete copies of such instruments as in effect at present. The minute book and stock records of Connell & Herrig, copies of which have been furnished to FNB and Bouchard for inspection, and originals of which will be delivered to Bouchard at Closing, are true, correct and complete and accurately reflect all material company action taken by Connell & Herrig. The directors and officers of Connell & Herrig are listed in Schedule 4.1(e).

(f) Capitalization. The ownership of the Connell & Herrig Common Shares is as set forth in Schedule 4.1(f). No other Connell & Herrig Common Shares are issued or outstanding or subject to issuance except as identified in Schedule 4.1(f). All of the Connell & Herrig Common Shares are owned of record and beneficially by the Shareholders in the respective amounts set forth on Exhibit "1," which sets forth the address of each Shareholder. All amounts payable by Shareholders with respect to the Connell & Herrig Common Shares identified on Schedule 4.1(f) have been paid in full and all such shares are validly issued, fully paid and non-assessable. There are no (A) securities convertible into or exchangeable for the Connell & Herrig Common Shares or other securities of Connell & Herrig, (B) options, warrants or other rights to purchase or subscribe to Connell & Herrig Common Shares or other securities of Connell & Herrig or securities which are convertible into or exchangeable for Connell & Herrig Common Shares or other securities of Connell & Herrig or (C) contracts, commitments or agreements of any kind relating to the issuance, sale or transfer of any Connell & Herrig Common Shares or other equity securities of Connell & Herrig, any such convertible or exchangeable securities or any such options, warrants or other rights. Schedule 4.1(f) sets forth, with respect to each issuance of Connell & Herrig Common Shares, the date of issuance, the purchaser(s), and the consideration received therefor.

(g) Authorization: Validity. The execution and delivery of this Agreement and the other agreements, instruments and documents contemplated hereby (such other agreements, instruments and documents sometimes referred to herein individually as an "Ancillary Instrument" or collectively as the "Ancillary Instruments") to be executed by Connell & Herrig and the full performance by Connell & Herrig thereunder, have been duly authorized by the Board of Directors of Connell & Herrig and the Shareholders and no other or further corporate act on the part of Connell & Herrig is necessary therefor. This Agreement has been duly and validly executed and

delivered by Connell & Herrig and is, and when executed and delivered the Ancillary Instruments to be executed and delivered by Connell & Herrig pursuant hereto will be, the legal, valid and binding obligations of Connell & Herrig, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and by general equitable principles.

4.2 *Shareholders.*

(a) Power. Each Shareholder has full power, legal right and authority to enter into, execute and deliver this Agreement and the Ancillary Instruments to be executed and delivered by one or more of the Shareholders and to carry out the transactions contemplated hereby and thereby.

(b) Validity. This Agreement has been duly and validly executed and delivered by each Shareholder party hereto and is, and when executed and delivered each Ancillary Instrument to be executed and delivered by the Shareholders pursuant hereto will be, the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and by general equitable principles.

(c) Title. Each Shareholder owns, and at Closing will own, the Connell & Herrig Common Shares shown on Exhibit "1" as owned by such Shareholder, free and clear of any liens, security interests, pledges, assessments, levies, restrictions, options, voting trusts or agreements, proxies, encumbrances, marital or community property interests or other claims or charges.

4.3 *No Violation.* Neither the execution and delivery of this Agreement or the Ancillary Instruments by Connell & Herrig or the Shareholders nor the consummation by Connell & Herrig or the Shareholders of the transactions contemplated hereby and thereby (a) will violate any statute or law or any rule, regulation, order, writ, injunction or decree of any court or governmental authority, except for violations which are not reasonably likely to have, individually or in the aggregate, a material adverse effect on the business or financial condition of Connell & Herrig, (b) will require any authorization, consent, approval, exemption or other action by or notice to any court, administrative or governmental agency, instrumentality, commission, authority, board or body, or (c) will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien (as defined in Section 4.12) upon any of the assets of Connell & Herrig (or the Connell & Herrig Common Shares) under any term or provision of the articles of incorporation or bylaws of Connell & Herrig, or of any contract, lease, commitment, understanding, arrangement, agreement or restriction of any kind or character to which Connell & Herrig and/or any Shareholder is a party or by which Connell & Herrig, any Shareholder or any of its or their assets or properties may be bound or affected, except for such consents of insurance companies, the failure of which to obtain will not have a material adverse effect on the business or financial condition of Connell & Herrig.

4.4 *Financial Statements.* Included as Schedule 4.4 are certain unaudited financial statements of Connell & Herrig consisting of (A) unaudited balance sheets at December 31, 1999 and 1998 and (B) statements of income, cash flows and stockholders' equity for the years ended December 31, 1999 and 1998 (including the notes contained thereto) (the "Connell & Herrig Financial Statements"). The Connell & Herrig Financial Statements have been prepared in accordance with GAAP, have been prepared from and are consistent with the books and records of Connell & Herrig, and accurately reflect the assets, liabilities

and financial position, and the results of operations, of Connell & Herrig as of the dates and for the years and periods indicated.

4.5 *Tax Matters.*

(a) Provision For Taxes. Except as set forth on Schedule 4.5(a), the provision made for taxes on the Connell & Herrig Financial Statements is sufficient for the payment of all federal, state, foreign, county, local and other income, ad valorem, excise, profits, franchise, occupation, property, payroll, sales, use, gross receipts and other taxes (and any interest and penalties) and assessments, whether or not disputed (collectively, "Taxes"), for which Connell & Herrig may be liable at the date of the Connell & Herrig Financial Statements and for all periods prior thereto since the formation of Connell & Herrig. Since the date of the Connell & Herrig Financial Statements, Connell & Herrig has not incurred any Taxes other than Taxes incurred in the ordinary course of business consistent in type and amount with past practices all of which will be accrued on the books and records of Connell & Herrig at Closing to the extent the same remain unpaid.

(b) Tax Returns Filed. Except as set forth on Schedule 4.5(b), all federal, state, foreign, county, local and other tax returns ("Tax Returns") required to be filed by or on behalf of Connell & Herrig have been timely filed and when filed were true and correct in all material respects, and the Taxes shown as due thereon have been paid. True and complete copies of all Tax Returns or reports filed by Connell & Herrig since January 1, 1997 have been delivered to FNB and Bouchard. Connell & Herrig has duly withheld and paid all Taxes which it is required to withhold and pay relating to any payments to its employees, independent contractors, shareholders, or other third parties.

(c) Tax Audits. Except as set forth in Schedule 4.5(c), Connell & Herrig has never been audited by the Internal Revenue Service and appropriate state taxing authorities, and Connell & Herrig has not received from the Internal Revenue Service, or from the tax authorities of any state, county, local or other jurisdiction, any notice of underpayment of Taxes or other deficiency which has not been paid nor any objection to any return or report filed by Connell & Herrig. There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax assessment or deficiency.

(d) Tax-Free Reorganization. To the knowledge of Connell & Herrig and the Shareholders, none of Connell & Herrig, any of the Shareholders, or any Affiliates of the foregoing has taken or agreed to take any action that would prevent the Merger from qualifying as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). There is no present plan or intention on the part of any Shareholder to sell or otherwise dispose of any FNB Common Stock to be received in the Merger in such a manner to adversely affect compliance with Section 368(a) of the Code.

(e) Other. Connell & Herrig has never (i) filed any consent or agreement under Section 341(f) of the Code, (ii) applied for any tax ruling, (iii) entered into a closing agreement with any taxing authority, (iv) filed an election under Section 338(g) or Section 338(h)(10) of the Code (nor has a deemed election under Section 338(e) of the Code occurred), (v) made any payments, or been a party to an agreement (including this Agreement) that under any circumstances could obligate it to make payments that will not be deductible because of Section 280G of the Code, (vi) been a party to any Tax allocation or Tax sharing agreement, or (vii) been

a member of an affiliated group of a corporation filing a consolidated federal income Tax Return. Connell & Herrig is not a "United States real property holding company" within the meaning of Section 897 of the Code. Connell & Herrig has no liability for any Taxes of any other person under Treas. Reg. Section 1502-6 (or any similar provision of state, local or foreign law) or a transferee, or successor by contract or otherwise.

(f) Connell & Herrig (and any predecessor corporation) has been a validly electing S corporation within the meaning of Code Sections 1361 and 1362 at all times during its existence and will be an S corporation up to and including the Closing Date.

4.6 *Accounts Receivable.* All accounts receivable of Connell & Herrig reflected on the Connell & Herrig Financial Statements, and those arising since the date thereof, represent arm's length transactions actually made in the ordinary course of business, are collectible in the ordinary course of business, are subject to no counterclaim or set off and are not in dispute. Schedule 4.6 contains an aged schedule of accounts receivable with respect to Connell & Herrig included in the Connell & Herrig Financial Statements and as of a date not more than twenty (20) days prior to the date hereof.

4.7 *Fixed Assets.* Except as set forth on Schedule 4.7, all assets and property (real and personal) used in or necessary for the conduct of Connell & Herrig's business are reflected on the Connell & Herrig Financial Statements and are owned by Connell & Herrig free and clear of all Liens (as defined in Section 4.12), or are leased by Connell & Herrig pursuant to valid and enforceable lease agreements identified in the Schedules hereto.

4.8 *Absence of Certain Changes.* Except as and to the extent set forth in Schedule 4.8, since the date of the Connell & Herrig Financial Statements there has been no:

(a) Adverse Change. Material adverse change in the financial condition, assets, liabilities, business, prospects or operations of Connell & Herrig;

(b) Damage. Material loss, damage or destruction, whether covered by insurance or not, affecting the business or properties (owned or leased) of Connell & Herrig;

(c) Increase in Compensation. Increase in the compensation, salaries or wages payable or to become payable to any employee or agent of Connell & Herrig (including, without limitation, any increase or change pursuant to any bonus, pension, profit sharing, retirement or other plan or commitment), or any bonus or other employee benefit granted, made or accrued;

(d) Labor Disputes. Labor dispute or disturbance, other than routine individual grievances which are not material to the business, financial condition or results of operations of Connell & Herrig;

(e) Commitments. Material commitment or transaction by Connell & Herrig (including, without limitation, any borrowing or capital expenditure) other than in the ordinary course of business consistent with past practice;

(f) Dividends. Declaration, setting aside, or payment of any dividend or any other distribution in respect of Connell & Herrig Common Shares, any redemption, purchase or other acquisition by Connell & Herrig of any Connell & Herrig Common Shares, or any security relating thereto; or any other payment to any holder of Connell & Herrig Common Shares;

(g) Disposition of Property. Sale, lease or other transfer or disposition of any properties or assets of Connell & Herrig having a value in excess of \$10,000, individually or in the aggregate;

(h) Indebtedness. Indebtedness for borrowed money incurred, assumed or guaranteed by Connell & Herrig (excluding trade payables incurred on open account in the ordinary course of business);

(i) Liens. Mortgage, pledge, lien or encumbrance made on any of the properties or assets of Connell & Herrig;

(j) Amendment of Contracts. Entering into an amendment, extension or termination by Connell & Herrig of any contract (including contracts relating to rebates and fees paid by manufacturers, suppliers, and business promoters to Connell & Herrig), lease, or any waiver of material rights thereunder, other than in the ordinary course of business;

(k) Loans and Advances. Loan or advance (other than advances to employees in the ordinary course of business for business travel and entertainment in accordance with past practice) to any person including, but not limited to, any Affiliate. For purposes of this Agreement, the term "Affiliate" shall mean and include any organization or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Connell & Herrig; officers of Connell & Herrig or any other entity referred to in the preceding clause; the spouse of any such person; and any entity in which any of the foregoing has a direct or indirect interest, except through ownership of less than 5% of the outstanding shares of any entity whose securities are listed on a national securities exchange or traded in the national over-the-counter market;

(l) Credit. Grant of credit to any entity in an amount in excess of \$5,000 or on terms or in amounts more favorable than those which have been extended to such entity in the past, any other change in the terms of any credit heretofore extended, or any other change of the policies or practices of Connell & Herrig with respect to the granting of credit;

(m) Transaction Costs. Payment of any transaction costs by Connell & Herrig relating to the transactions contemplated in this Agreement or incurred as a result thereof; or

(n) Unusual Events. Other events or conditions not in the ordinary course of business of Connell & Herrig which could reasonably be expected to result in a material adverse effect to Connell & Herrig or its business or assets.

4.9 Absence of Undisclosed Liabilities. Except as and to the extent specifically disclosed in the Connell & Herrig Financial Statements and the notes thereto, or in Schedule 4.9, Connell & Herrig does not have any liabilities, commitments or obligations (secured or unsecured, and whether accrued, absolute, contingent, direct, indirect or otherwise), other than commercial liabilities and obligations incurred since the date of the Connell & Herrig Financial Statements in the ordinary course of business and consistent with past practice and none of which has or will have a material adverse effect on the business, financial condition or results of operations of Connell & Herrig.

4.10 No Litigation. Except as set forth in Schedule 4.10, There is no action, suit, arbitration proceeding, investigation or inquiry pending before any court, arbitrator or federal, state, foreign, municipal

or other governmental department, commission, board, bureau, agency or instrumentality or, to the knowledge of Connell & Herrig or the Shareholders, threatened against the Shareholders or Connell & Herrig or its officers or directors (in such capacity), or the business or assets of Connell & Herrig, nor does Connell & Herrig or the Shareholders know of any basis for any such proceedings, investigations or inquiries. Schedule 4.10 also identifies all such actions, suits, proceedings, investigations and inquiries to which Connell & Herrig or any of its officers or directors (in such capacity) have been parties since January 1, 1994. None of Connell & Herrig or its business or assets is subject to any judgment, order, writ or injunction of any court, arbitrator or federal, state, foreign, municipal or other governmental department, commission, board, bureau, agency or instrumentality.

4.11 *Compliance with Laws.*

(a) Compliance. Except as set forth in Schedule 4.11(a), Connell & Herrig (including each and all of its operations, practices, properties (real or personal, owned or leased) and assets) is in compliance with all applicable federal, state, local and foreign laws, ordinances, orders, rules and regulations (collectively, "Laws"), including without limitation, those applicable to registration for the offer or sale of securities, discrimination in employment, the Americans with Disabilities Act, occupational safety and health, trade practices, competition and pricing, product warranties, zoning, building and sanitation, employment, retirement and labor relations, product advertising and the Environmental Laws (as hereinafter defined), except for instances of non-compliance where neither the failure to comply nor the cost of compliance could result in payments by or other loss to FNB in excess of \$50,000, individually or in the aggregate. All reports and returns required to be filed by Connell & Herrig with any governmental authority have been filed, and were accurate and complete when filed. Without limiting the generality of the foregoing:

(i) The operation of the Connell & Herrig business as it is now conducted does not, nor does any condition existing at any of the facilities in which the Connell & Herrig business is conducted (collectively the "Facilities"), in any manner constitute a breach or violation of any lease or other agreement to which Connell & Herrig is a party governing the use of such Facilities.

(ii) Connell & Herrig has made all required payments to its unemployment compensation reserve accounts with the appropriate governmental departments of the states where it is required to maintain such accounts, and each of such accounts has a positive balance.

(b) Licenses and Permits. Except as set forth in Schedule 4.11(b), Connell & Herrig and/or each employee of Connell & Herrig has all licenses, permits, approvals, authorizations and consents of all governmental and regulatory authorities and all certification organizations (collectively, "Licenses") required for the conduct of the Connell & Herrig business (as presently conducted), and the operation of the Facilities. Each of the insurance agents of Connell & Herrig is properly licensed as an insurance agent under the laws of the State of Florida. All such Licenses are described in Schedule 4.11(b), are in full force and effect and, except as set forth on Schedule 4.11(b), will not be affected or made subject to loss, limitation or any obligation to reapply as a result of the transactions contemplated hereby. Except as set forth in Schedule 4.11(b), Connell & Herrig (including its operations, properties, whether owned or leased, and assets) is and has been in compliance with all such Licenses.

(c) Environmental Matters. The applicable Laws relating to pollution or protection of the environment, including Laws relating to emissions, discharges, generation, storage, releases or threatened releases of pollutants, contaminants, asbestos, lead-based paints, chemicals or industrial, toxic, hazardous or petroleum or petroleum-based substances or wastes ("Waste") into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Waste including, without limitation, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act and the Comprehensive Environmental Response Compensation Liability Act ("CERCLA"), as amended, the Emergency Planning and Community Right to Know Act, and the Occupational Safety and Health Act, as amended, and their state and local counterparts are herein collectively referred to as the "Environmental Laws." Except as set forth on Schedule 4.11(c), (i) to the knowledge of Connell & Herrig and the Shareholders, no Waste exists on or under the Real Property, and (ii) neither Connell & Herrig nor, to the knowledge of Connell & Herrig or the Shareholders, any of its predecessors in title, nor any other person or entity, has ever used the Real Property for the processing, handling, manufacturing, generating, treating, storing or disposing of any Waste, or as a landfill, or a dump for garbage, refuse or Waste. Without limiting the generality of the foregoing provisions of this Section 4.11, to the knowledge of Connell & Herrig and the Indemnifying Shareholders, Connell & Herrig is in compliance with all limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulations, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except for instances of noncompliance where neither the failure to comply nor the cost of compliance could result in payments by or other losses to FNB in excess of \$50,000, individually or in the aggregate. Except as set forth in Schedule 4.11(c), there is no civil, criminal or administrative action, suit, demand, notice or demand letter, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or, to the knowledge of Connell & Herrig or the Shareholders, threatened against Connell & Herrig, or any landlord of Connell & Herrig, relating in any way to the Environmental Laws or any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder. Except as set forth in Schedule 4.11(c), to the knowledge of Connell & Herrig or the Shareholders, there are no past or present or future events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans which may interfere with or prevent material compliance with the Environmental Laws or with any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, or which may give rise to any liability, including, without limitation, liability under CERCLA or similar state or local Laws, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, notice of violation, remediation plan, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Waste.

4.12 *Title to and Condition of Properties.*

(a) Title. Connell & Herrig has good title to all of its assets, businesses and properties, and with respect to Real Property leased by Connell & Herrig, good leasehold estates or lessee's interests, including, without limitation, all such properties (tangible and intangible) reflected in the Connell & Herrig Financial Statements. Except for items listed in Schedule 4.12(a), there are no mortgages, liens (statutory or otherwise), security interests, claims, pledges, licenses, equities, options, conditional sales contracts, assessments, levies, easements, covenants, reservations, restrictions, rights-of-way, exceptions, limitations, charges or encumbrances of any nature whatsoever (collectively, "Liens") which affect any such assets, businesses or properties other than Real Property and with respect to Real Property, to the knowledge of Connell & Herrig or the Shareholders, Liens or municipal or zoning ordinances which will interfere with FNB's use of the Real Property in a manner consistent with the current use thereof by Connell & Herrig.

(b) Condition. Except as set forth on Schedule 4.12(b), all property and assets owned or utilized by Connell & Herrig are in an operating condition and state of repair consistent with the past conduct of the business, free from any material defects and are sufficient to carry on the Connell & Herrig business as conducted during the preceding twelve (12) months. All buildings, plants and other structures owned or otherwise utilized by Connell & Herrig are in good condition and repair.

(c) Real Property. Schedule 4.12(c) sets forth all real property, owned, used or occupied by Connell & Herrig (the "Real Property") and an identification of the leases (oral or written) under which Connell & Herrig now uses any such Real Property, true and correct copies of which Connell & Herrig has delivered to FNB and Bouchard. Schedule 4.12(c) also identifies any agreements to which Connell & Herrig is a party that may affect any lease or the rights of Connell & Herrig under any lease, and all subtenants, tenants, assignees, licensees, or other entities, other than Connell & Herrig, having a right to occupy all or any portion of the Real Property, true and correct copies of which Connell & Herrig has delivered to FNB and Bouchard (or if an oral arrangement fully described on Schedule 4.12(c)). To the knowledge of Connell & Herrig or the Shareholders, (i) no fact or condition exists which would prohibit or adversely affect the ordinary rights of access to and from the Real Property from and to the existing highways and roads, and (ii) there is no pending or threatened restriction or denial, governmental or otherwise, upon such ingress and egress.

4.13 *Insurance.*

(a) Insurance Policies. Set forth in Schedule 4.13(a) is a complete and accurate list and description of all policies of insurance to which Connell & Herrig is a party or under which Connell & Herrig, or any director or officer of Connell & Herrig, is or has been covered at any time within the four (4) years preceding the date of this Agreement, true and correct copies of which have heretofore been delivered to FNB and Bouchard. Schedule 4.13(a) includes, without limitation, the carrier, the description of coverage, the limits of coverage, retention or deductible amounts, amount of annual premiums, date of expiration and the date through which premiums have been paid with respect to each such policy, and any pending claims in excess of \$1,000. Except as set forth on Schedule 4.13(a), all such policies are valid, outstanding and enforceable policies; and no such policy (nor any previous policy) provides for or is subject to any currently enforceable retroactive rate or premium adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events arising prior to the date hereof.

Schedule 4.13(a) indicates each policy as to which (i) the coverage limit has been reached or (ii) the total incurred losses and pending claims to date equal 75% or more of the coverage limit. No notice of cancellation or termination has been received by Connell & Herrig with respect to any such policy, and none of Connell & Herrig or any of the Shareholders has knowledge of any act or omission of Connell & Herrig which could result in cancellation of any such policy prior to its scheduled expiration date. Connell & Herrig has not been refused any insurance with respect to any aspect of the operations of its business nor has its coverage been limited by any insurance carrier to which it has applied for insurance or with which it has carried insurance during the last three (3) years. Connell & Herrig has duly and timely made all claims it has been entitled to make under each policy of insurance. All general liability policies maintained by or for the benefit of Connell & Herrig are, and always have been, "occurrence" policies and not "claims made" policies. There is no claim by Connell & Herrig pending under any such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies, and none of Connell & Herrig or any of the Shareholders knows of any basis for denial of any claim under any such policy. Connell & Herrig has not received any written notice from or on behalf of any insurance carrier issuing any such policy that insurance rates therefor will hereafter be substantially increased (except to the extent that insurance rates may be increased for all similarly situated risks) or that there will hereafter be a cancellation or an increase in a deductible (or an increase in premiums in order to maintain an existing deductible) or nonrenewal of any such policy. Such policies are sufficient in all material respects for compliance by Connell & Herrig with all material requirements of all Laws and with the requirements of all contracts and leases to which it is a party.

(b) Other Insurance Arrangements. Schedule 4.13(b) describes (i) any self-insurance arrangement by or affecting Connell & Herrig, including any reserves established thereunder; (ii) any contract or arrangement, other than a policy of insurance, for the transfer or sharing of any risk by Connell & Herrig; and (iii) all obligations of Connell & Herrig to third parties with respect to insurance (including such obligations under leases and service agreements) and identifies the policy under which such coverage is provided.

(c) Claims. Schedule 4.13(c) sets forth, by year, for the current policy year and each of the eight (8) preceding policy years with respect to policies other than group health and workers' compensation: (i) a summary of the loss experience under each policy; (ii) a statement describing each claim under an insurance policy for an amount in excess of \$2,000, which sets forth: (A) the name of the claimant; (B) a description of the policy by insurer, type of insurance, and period of coverage; and (C) the amount and a brief description of the claim; and (iii) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

(d) Representations and Warranties. Except as set forth on Schedule 4.13(d),

(i) All policies to which Connell & Herrig is a party or that provide coverage to the Shareholders, Connell & Herrig, or any director or officer of Connell & Herrig: (A) are valid, outstanding, and enforceable; (B) are issued by an insurer that is financially sound and reputable; (C) taken together, provide adequate insurance coverage for the assets and the operations of Connell & Herrig for all risks to which Connell & Herrig is normally exposed (for purposes of this Agreement, "adequate insurance coverage" shall mean (i) a general liability policy providing coverage of \$1,000,000 per occurrence and in the aggregate, and (ii) an errors and omissions policy providing

coverage of \$1,000,000 per occurrence and \$3,000,000 in the aggregate); (D) are sufficient for compliance with all Laws and contracts to which Connell & Herrig is a party or by which it is bound; (E) will continue in full force and effect following the consummation of the Merger; and (F) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of Connell & Herrig;

(ii) Neither Connell & Herrig nor any officer, director or employee thereof has received (A) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (B) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed or that the issuer of any policy is not willing or able to perform its obligations thereunder.

(iii) Connell & Herrig has paid all premiums due, and has otherwise performed all of its obligations, under each policy to which Connell & Herrig is a party or that provides coverage to Connell & Herrig or director thereof.

(iv) Connell & Herrig has given notice to the insurer of all claims that may be insured thereby.

4.14 *Contracts and Commitments.*

(a) Real Property Leases. Except as set forth in Schedule 4.14(a), Connell & Herrig does not have any leases of Real Property.

(b) Personal Property Leases. Except as set forth in Schedule 4.14(b), Connell & Herrig does not have any leases of personal property involving consideration or other expenditure in excess of \$15,000 or involving performance over a period of more than six (6) months.

(c) Purchase Commitments. Except as set forth on Schedule 4.14(c) Connell & Herrig does not have any commitments for the purchase of goods, supplies or services, other than commitments requiring payments of less than \$10,000, individually or in the aggregate, which were made in the ordinary course of business consistent with past practice.

(d) Sales Contracts and Commitments. Except as set forth on Schedule 4.14(d), Connell & Herrig does not have any contracts or commitments for the sale or lease of goods or services to any Person, other than commitments requiring payments of less than \$10,000, individually or in the aggregate, which were made in the ordinary course of business consistent with past practice.

(e) Contracts With Certain Persons. Except as set forth on Schedule 4.14(e), Connell & Herrig does not have any agreement, understanding, contract or commitment (written or oral) with any employee, agent, or consultant. All of such agreements, understandings, contracts and commitments are cancelable by Connell & Herrig on notice of not longer than thirty (30) days without liability, penalty or premium of any nature or kind whatsoever.

(f) Powers of Attorney. Connell & Herrig has not given any power of attorney, which is currently in effect, to any person, firm or corporation for any purpose whatsoever.

(g) Collective Bargaining Agreements. Connell & Herrig is not a party to any collective bargaining agreements with any unions, guilds, shop committees or other collective bargaining groups.

(h) Loan Agreements. Except as set forth in Schedule 4.14(h), Connell & Herrig is not obligated under any loan agreement, promissory note, letter of credit, or other evidence of indebtedness as a signatory, guarantor or otherwise.

(i) Guaranties. Except as disclosed on Schedule 4.14(i), Connell & Herrig has not guaranteed the payment or performance of any person, firm or corporation, agreed to indemnify any person or act as a surety, or otherwise agreed to be contingently or secondarily liable for the obligations of any person.

(j) Burdensome or Restrictive Agreements. Except as set forth in Schedule 4.14(j), Connell & Herrig is not a party to, or bound by, any agreement requiring Connell & Herrig to assign any interest which it owns in any trade secret or proprietary information material to its business, or prohibiting or restricting Connell & Herrig from competing in any business or geographical area or soliciting business or otherwise restricting it from carrying on its business anywhere in the world.

(k) Other Material Contracts. Connell & Herrig does not have any lease, contract or commitment of any nature involving consideration or other expenditure in excess of \$15,000, individually or in the aggregate, or involving performance over a period of more than three (3) months from the date of this Agreement, or which is otherwise individually material to the operations of the Connell & Herrig business, except for contracts related to legal and accounting expenses in connection with the Merger or as explicitly described in Schedule 4.14(k) or in any other Schedule.

(l) Agreements with Underwriters and Insurers. Schedule 4.14(l) contains a list of each underwriter or insurer for whom Connell & Herrig acts as agent. Connell & Herrig has provided FNB and Bouchard a copy of each agreement between Connell & Herrig and each such underwriter or insurer. Schedule 4.14(l) also contains a list of those underwriters or insurers from whom Connell & Herrig has agreed to obtain written consent to the Merger as provided for in Section 6.17 of this Agreement. Each of the agreements with the underwriters or insurers described in the preceding sentence is in full force and effect and the obligations of the parties thereunder will not be altered or affected by the consummation of the transactions contemplated by this Agreement. Except as provided on Schedule 4.14(l), to the knowledge of Connell & Herrig and the Shareholders, each of the underwriters or insurers listed on Schedule 4.14(l) will continue to provide insurance products or services through Connell & Herrig following consummation of the Merger. Schedule 4.14(l) also identifies any arrangements or understandings between Connell & Herrig and any underwriter or insurer with respect to any proprietary products offered by such underwriter or insurer.

(m) No Default. Except as disclosed in Schedule 4.14(m), Connell & Herrig has complied in all material respects with the terms of, and is not in material default under, any lease, contract or commitment to which it is a party or by which it or its property and assets are subject or bound, nor has any event or omission occurred which through the passage of time or the giving of notice, or both, would constitute such a default thereunder or cause the acceleration of any obligations of Connell & Herrig thereunder, result in the creation of any Lien on any of the assets

owned, used or occupied by Connell & Herrig or give rise to an automatic termination, or the right of discretionary termination thereof. Except as set forth in Schedule 4.14(m), to the knowledge of Connell & Herrig and the Shareholders, no third party is in material default under any lease, contract or commitment to which Connell & Herrig is a party, nor has any event or omission occurred which, through the passage of time or the giving of notice, or both, would constitute a material default thereunder or give rise to an automatic termination, or the right of discretionary termination, thereof, where the same would or could reasonably be expected to have a material adverse effect on Connell & Herrig.

4.15 *Labor Matters.* Connell & Herrig has not experienced any labor disputes, union organization attempts or any work stoppage due to labor disagreements in connection with its business. Except to the extent set forth in Schedule 4.15, (a) there is no unfair labor practice charge or complaint against Connell & Herrig pending or threatened; (b) there is no labor strike, dispute, request for representation, slowdown or stoppage actually pending or threatened against or affecting Connell & Herrig nor any secondary boycott with respect to products of Connell & Herrig; (c) no question concerning representation has been raised or is threatened respecting the employees of Connell & Herrig; or (d) no grievance which might have a material adverse effect on Connell & Herrig is pending and no such claim therefor exists.

4.16 *Employee Benefit Plans.*

(a) Disclosure. Schedule 4.16(a) sets forth all pension, thrift, savings, profit sharing, incentive bonus or other bonus, medical, dental, life, accident insurance, benefit, employee welfare, disability, group insurance, stock purchase, stock option, stock appreciation, stock bonus, executive or deferred compensation, hospitalization and other similar fringe or employee benefit plans, programs and arrangements, and any employment or consulting contracts, "golden parachutes," collective bargaining agreements, severance agreements or plans, vacation and sick leave plans, programs, arrangements and policies, including, without limitation, all "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), all employee manuals, and all written or binding oral statements of policies, practices or understandings relating to employment, which are provided to, for the benefit of, or relate to, any persons employed by Connell & Herrig ("Company Employees"). The items described in the foregoing sentence are herein after sometimes referred to collectively as "Employee Plans/Agreements," and each individually as an "Employee Plan/Agreement." True and correct copies of all the Employee Plans/Agreements, including all amendments thereto, have heretofore been provided to FNB. Each of the Employee Plans/Agreements is identified on Schedule 4.16(a), to the extent applicable, as one or more of the following: an "employee pension benefit plan" (as defined in Section 3(2) of ERISA), a "defined benefit plan" (as defined in Section 414 of the Code), an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and/or as a plan intended to be qualified under Section 401 of the Code. No Employee Plan/Agreement is a "multiemployer plan" (as defined in Section 4001 of ERISA), and Connell & Herrig has never contributed or been obligated to contribute to any such multiemployer plan. As used herein, the terms "stock purchase," "stock option," "stock appreciation" and "stock bonus" also apply to the Connell & Herrig Common Shares or any other capital equity of Connell & Herrig.

(b) Terminations, Proceedings, Penalties, etc. With respect to each employee benefit plan (including, without limitation, the Employee Plans/Agreements) that is subject to the provisions of Title IV of ERISA and with respect to which Connell & Herrig or any of its assets may, directly or indirectly, be subject to any liability, contingent or otherwise, or the imposition of any lien (whether by reason of the complete or partial termination of any such plan, the funded status of any such plan, any "complete withdrawal" (as defined in Section 4203 of ERISA) or "partial withdrawal" (as defined in Section 4205 of ERISA) by any person from any such plan, or otherwise):

(i) no such plan has been terminated so as to subject, directly or indirectly, any assets of Connell & Herrig to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA;

(ii) no proceeding has been initiated or threatened by any person (including the Pension Benefit Guaranty Corporation ("PBGC")) to terminate any such plan;

(iii) no condition or event currently exists or currently is expected to occur that could subject, directly or indirectly, any assets of Connell & Herrig to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA, whether to the PBGC or to any other person or otherwise on account of the termination of any such plan;

(iv) if any such plan were to be terminated as of the Closing Date, no assets of Connell & Herrig would be subject, directly or indirectly, to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA;

(v) no "reportable event" (as defined in Section 4043 of ERISA) has occurred with respect to any such plan;

(vi) no such plan which is subject to Section 302 of ERISA or Section 412 of the Code has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code, respectively), whether or not waived; and

(vii) no such plan is a multiemployer plan or a plan described in Section 4064 of ERISA.

(c) Prohibited Transactions, etc. There have been no "prohibited transactions" within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code for which a statutory or administrative exemption does not exist with respect to any Employee Plan/Agreement, and no event or omission has occurred in connection with which Connell & Herrig or any of its assets or any Employee Plan/Agreement, directly or indirectly, could be subject to any liability under ERISA, the Code or any other law, regulation or governmental order applicable to any Employee Plan/Agreement, including, without limitation, Section 406, 407, 409, 501, 502, 510, 511, 601, 4062, 4063, 4069, 4071, or 4201 of ERISA, or Section 4971, 4972, 4975, 4976, 4977, 4979 or 4980B of the Code, or under any agreement, instrument, statute, rule of law or regulation pursuant to or under which Connell & Herrig has agreed to indemnify or is required

to indemnify any person against liability incurred under, or for a violation or failure to satisfy the requirements of, any such statute, regulation or order.

(d) Full Funding. Except as disclosed in Schedule 4.16(d), the funds available under each Employee Plan/Agreement which is intended to be a funded plan equal or exceed the amounts required to be paid, or which would be required to be paid if such Employee Plan/Agreement were terminated, on account of rights vested or accrued as of the Closing (using the actuarial methods and assumptions then used by actuaries of Connell & Herrig in connection with the funding of such Employee Plan/Agreement).

(e) Controlled Group; Affiliated Service Group; Leased Employees. Connell & Herrig is not and has never been a shareholder of a controlled group of corporations as defined in Section 414(b) of the Code or in common control with any unincorporated trade or business as determined under Section 414(c) of the Code. Connell & Herrig is not and has never been a shareholder of an "affiliated service group" within the meaning of Section 414(m) of the Code. There are not and never have been any leased employees within the meaning of Section 414(n) of the Code who perform services for Connell & Herrig, and no individuals are expected to become leased employees with the passage of time.

(f) Payments and Compliance. With respect to each Employee Plan/Agreement, (i) all payments due from Connell & Herrig to date have been made and all amounts properly accrued to date as liabilities of Connell & Herrig which have not been paid have been properly recorded on the books of Connell & Herrig and are reflected in the Connell & Herrig Financial Statements; (ii) Connell & Herrig has complied with, and each such Employee Plan/Agreement conforms in all respects in form and operation to, all applicable laws and regulations, including but not limited to ERISA and the Code, and all reports and information relating to such Employee Plan/Agreement required to be filed with any governmental entity have been timely filed; (iii) all reports and information relating to each such Employee Plan/Agreement required to be disclosed or provided to participants or their beneficiaries have been timely disclosed or provided; (iv) each such Employee Plan/Agreement which is intended to qualify under Section 401 of the Code has received a favorable determination letter from the Internal Revenue Service with respect to such qualification, its related trust has been determined to be exempt from taxation under Section 501(a) of the Code, and nothing has occurred as a result of acts or omissions of Connell & Herrig or its Shareholders or managers since the date of such letter that has or is likely to adversely affect such qualification or exemption; (v) there are no actions, suits or claims pending (other than routine claims for benefits) or, to the knowledge of Connell & Herrig or the Shareholders, threatened with respect to such Employee Plan/Agreement or against the assets of such Employee Plan/Agreement; and (vi) no Employee Plan/Agreement is a plan which is established and maintained outside the United States primarily for the benefit of individuals substantially all of whom are nonresident aliens.

(g) Post-Retirement Benefits. Except as set forth in Schedule 4.16(g), no Employee Plan/Agreement provides benefits, including, without limitation, death or medical benefits (whether or not insured) with respect to current or former employees of Connell & Herrig beyond their retirement or other termination of service other than (i) coverage mandated by applicable law, (ii) death or retirement benefits under any Employee Plan/Agreement that is an employee pension benefit plan, (iii) deferred compensation benefits accrued as liabilities on the books of Connell & Herrig (including the Connell & Herrig Financial Statements), (iv) disability benefits under any Employee Plan/Agreement that is an employee welfare benefit plan and which

have been fully provided for by insurance or otherwise or (v) benefits in the nature of severance pay of not more than two weeks (2) duration.

(h) No Triggering of Obligations. Except as disclosed in Schedule 4.16(h), the consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former employee of Connell & Herrig to severance pay, unemployment compensation or any other payment, except as expressly provided in this Agreement, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any such employee or former employee or (iii) result in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

(i) Delivery of Documents. There has been delivered to FNB and Bouchard, with respect to each Employee Plan/Agreement:

(i) a copy of the annual report, if required under ERISA, with respect to each such Employee Plan/Agreement for the last two years;

(ii) a copy of the summary plan description, together with each summary of material modifications, required under ERISA with respect to such Employee Plan/Agreement, all material employee communications relating to such Employee Plan/Agreement, and, unless the Employee Plan/Agreement is embodied entirely in an insurance policy to which Connell & Herrig is a party, a true and complete copy of such Employee Plan/Agreement;

(iii) if the Employee Plan/Agreement is funded through a trust or any third party funding vehicle (other than an insurance policy), a copy of the trust or other funding agreement and the latest financial statements thereof; and

(iv) the most recent determination letter received from the Internal Revenue Service with respect to each Employee Plan/Agreement that is intended to be a "qualified plan" under Section 401 of the Code.

With respect to each Employee Plan/Agreement for which an annual report has been filed and delivered to FNB pursuant to clause (i) of this Section 4.16(i), no material adverse change has occurred with respect to the matters covered by the latest such annual report since the date thereof.

(j) Future Commitments. Connell & Herrig does not have any announced plan or legally binding commitment to create any additional Employee Plans/Agreements or to amend or modify any existing Employee Plan/Agreement.

4.17 *Employment Compensation.* Schedule 4.17 contains a true and correct list of all employees to whom Connell & Herrig is paying compensation, including bonuses, commissions, and incentives, at an annual rate which could reasonably be expected to exceed Thirty Thousand Dollars (\$30,000) for services rendered or otherwise; and in the case of salaried employees such list identifies the current annual rate of compensation for each employee and in the case of hourly or commission employees identifies certain reasonable ranges of rates and the number of employees falling within each such range.

4.18 *Trade Rights.*

(a) Schedule 4.18 lists all Trade Rights (as defined below) of the type described in clauses (i), (ii), (iii) and (iv) and, to the extent practicable, clause (v) of Section 4.18(e) in which Connell & Herrig now has any interest, specifying whether such Trade Rights are owned or used (under license or otherwise) by Connell & Herrig, specifying any person or entity having any right to use or Liens with respect to the Trade Rights and also indicating which of such Trade Rights are registered or an application therefor filed.

(b) All Trade Rights shown as registered or being registered in Schedule 4.18 (which also identifies the jurisdiction of registration) have been properly registered, all pending registrations and applications have been properly made and filed and all annuity, maintenance, renewal and other fees relating to registrations or applications are current.

(c) To conduct the Connell & Herrig business as such is currently being conducted, Connell & Herrig does not require any Trade Rights that it does not already have. Except as set forth on Schedule 4.18, to the knowledge of Connell & Herrig and the Shareholders, Connell & Herrig is not infringing or has not infringed any Trade Rights of another in the operation of the Connell & Herrig business, nor, to the knowledge of Connell & Herrig or the Shareholders, is any other person infringing the Trade Rights of Connell & Herrig. Except as set forth on Schedule 4.18, Connell & Herrig has not granted any license or made any assignment of, or entered into any settlement, consent, covenant not to sue or similar agreement with respect to, any Trade Rights listed on Schedule 4.18, nor does Connell & Herrig pay any royalties or other consideration for the right to use any Trade Rights of others. There are no inquiries, investigations or claims or litigation, or to the knowledge of Connell & Herrig or any of the Shareholders investigations or inquiries, challenging or threatening to challenge the right, title and interest of Connell & Herrig with respect to its continued use and right to preclude others from using any Trade Rights of Connell & Herrig. All Trade Rights of Connell & Herrig are valid, enforceable and in good standing, and there are no equitable or statutory defenses to enforcement based on any act or omission of Connell & Herrig. The consummation of the transactions contemplated hereby will not impair any Trade Rights owned or used by Connell & Herrig.

(d) Except as set forth on Schedule 4.18, Connell & Herrig has used commercially prudent efforts to protect the Trade Rights owned or used by Connell & Herrig.

(e) As used herein, the term "Trade Rights" shall mean and include: (i) all United States and state trademark rights, business identifiers, trade dress, service marks, trade names and brand names, and all registrations thereof and applications therefor; (ii) all United States copyrights, copyright registrations and copyright applications, and all other rights associated with the foregoing and the underlying works of authorship; (iii) all United States patents and patent applications, including all claims for infringement and all international proprietary rights associated therewith; (iv) all contracts or agreements granting any right, title, license or privilege under the intellectual property rights of any third party; and (v) all inventions, mask works and mask work registrations, know-how, discoveries, improvements, designs, trade secrets, shop and royalty rights.

4.19 *Bank Accounts.* Schedule 4.19 sets forth the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which Connell & Herrig maintains a safe deposit box, lock box or checking, savings, custodial or other account of any nature, the type

and number of each such account and the signatories therefor, a description of any compensating balance arrangements, and the names of all persons authorized to draw thereon, make withdrawals therefrom or have access thereto.

4.20 *Affiliates' Relationships to Connell & Herrig.*

(a) Contracts With Affiliates. All leases, contracts, agreements or other arrangements between Connell & Herrig and any Affiliate are described on Schedule 4.20(a).

(b) No Adverse Interests. Except as set forth on Schedule 4.20(b), no Affiliate has any direct or indirect interest in (i) any entity which does business with Connell & Herrig or is competitive with the Connell & Herrig business, except for ownership of five percent or less of the voting securities of a publicly traded company, or (ii) any property, asset or right which is used by Connell & Herrig in the conduct of its business.

(c) Obligations. All obligations of any Affiliate to Connell & Herrig, and all obligations of Connell & Herrig to any Affiliate, are listed on Schedule 4.20(c).

4.21 *Assets Necessary to Business.* Except as set forth on Schedule 4.21, Connell & Herrig currently has, and at the Closing will have, good and valid title to all property and assets, tangible and intangible, and all leases, licenses and other agreements, used in the conduct of the Connell & Herrig business, as currently conducted.

4.22 *Securities Law Matters.* Subject to the registration rights provided for in Section 6.13, each of the Shareholders acquiring FNB Common Stock pursuant to this Agreement is acquiring such stock for investment for such Shareholder's own account, not on behalf of others and not with a view to resell or otherwise distribute such FNB Common Stock. Each such Shareholder acknowledges that the FNB Common Stock has not been registered under the Securities Act or under any state securities laws and, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws or unless an exemption from registration is available and, as a result, such Shareholder must bear the risk of an investment in FNB Common Stock for an indefinite period of time. The financial condition of each such Shareholder is currently adequate to bear the substantial economic risk of an investment in FNB Common Stock. Each such Shareholder has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of such an investment and the risk involved in a commercial enterprise such as FNB. Each Shareholder has received and carefully read FNB's Annual Report on Form 10-K for the year ended December 31, 1999 and FNB's Proxy Statement distributed in connection with FNB's 2000 Annual Meeting of Shareholders (collectively, the "FNB SEC Reports"). Each such Shareholder has had an opportunity to ask questions of, and receive answers from, officers of FNB concerning FNB and the FNB Common Stock and to obtain any additional information which such Shareholder reasonably requested. Each of the Shareholders identified on Exhibit "1" is an "accredited investor" within the meaning of Regulation D under the Securities Act.

4.23 *No Brokers or Finders.* Neither Connell & Herrig, nor any of its managers, employees, Shareholders or agents, has retained, employed or used any broker or finder in connection with the transaction provided for herein or in connection with the negotiation thereof.

4.24 *Disclosure.* To the knowledge of Connell & Herrig and the Shareholders, no representation or warranty by Connell & Herrig and/or the Shareholders in this Agreement, nor any statement, certificate, schedule or exhibit hereto furnished or to be furnished by or on behalf of Connell &

Herrig or the Shareholders pursuant to this Agreement, nor any document or certificate delivered to FNB or Bouchard pursuant to this Agreement or in connection with transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading. All statements and information contained in any certificate, instrument, schedule or document delivered by or on behalf of Connell & Herrig and/or the Shareholders pursuant to this Agreement shall be deemed representations and warranties by Connell & Herrig or the Shareholders.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF FNB AND BOUCHARD

FNB and Bouchard, jointly and severally, make the following representations and warranties to Connell & Herrig and the Shareholders, each of which is true and correct on the date hereof, shall be unaffected by any investigation heretofore or hereafter made by Connell & Herrig, or the Shareholders or any notice to Connell & Herrig or the Shareholders, and shall survive the Closing of the transactions as provided for in Section 9.1 hereof.

5.1 *Corporate.*

(a) Organization. FNB is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Bouchard is a corporation duly organized, validly existing and in active status under the laws of the State of Florida and a wholly owned subsidiary of FNB.

(b) Corporate Power. Each of FNB and Bouchard have all requisite corporate power to enter into this Agreement and the other documents and instruments to be executed and delivered by FNB and/or Bouchard and to carry out the transactions contemplated hereby and thereby.

5.2 *Authority.* The execution and delivery of this Agreement and the Ancillary Instruments to be executed and delivered by FNB and/or Bouchard pursuant hereto and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Boards of Directors of FNB and Bouchard. No other corporate act or proceeding on the part of FNB or Bouchard or their respective shareholders is necessary to authorize this Agreement or the Ancillary Instruments to be executed and delivered by FNB and/or Bouchard pursuant hereto or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes, and when executed and delivered, the Ancillary Instruments to be executed and delivered by FNB and/or Bouchard, as the case may be, pursuant hereto will constitute, legal, valid and binding agreements of FNB and/or Bouchard, as the case may be, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and by general equitable principles.

5.3 *Capital Stock.* The authorized capital stock of FNB consists of (i) 100,000,000 shares of FNB Common Stock, of which 21,852,233 shares were issued and outstanding as of the date of this Agreement and (ii) 20,000,000 shares of FNB preferred stock, \$10.00 par value per share (the "FNB Preferred Stock"), of which 187,037 shares were issued and outstanding as of the date of this Agreement (the FNB Common Stock and the FNB Preferred Stock are collectively referred to herein as the "FNB Capital Stock"). All of the issued and outstanding shares of FNB Capital Stock are, and all of the FNB Common Stock to be issued as Merger Consideration will be, authorized and reserved for issuance prior to the

Effective Time and, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the Pennsylvania Business Corporation Law contained at Title 15 of the Pennsylvania Corporations and Unincorporated Associations Statutes (the "PBCL"). None of the outstanding shares of FNB Capital Stock has been, and none of the shares of FNB Common Stock to be issued as Merger Consideration will be, issued in violation of any preemptive rights of the current or past shareholders of FNB.

5.4 *Tax Matters.* None of FNB, Bouchard or any Affiliates of either has taken or agreed to take any action that would prevent the Merger and other transactions contemplated herein from qualifying as a tax free reorganization under Section 368(a) of the Code.

5.5 *No Violation.* Neither the execution and delivery of this Agreement or the Ancillary Instruments nor the consummation by FNB and Bouchard of the transactions contemplated hereby and thereby (a) will violate any statute or law or any rule, regulation, order, writ, injunction or decree of any court or governmental authority, (b) will require any authorization, consent, approval, exemption or other action by or notice to any court, administrative or governmental agency, instrumentality, commission, authority, board or body, or (c) will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien upon any of the assets of FNB or Bouchard under any term or provision of the articles of association or bylaws of FNB or Bouchard or of any contract, lease, commitment, understanding, arrangement, agreement or restriction of any kind or character to which FNB or Bouchard is a party or by which FNB or Bouchard, or any of their assets or properties, may be bound or affected.

5.6 *Absence of Certain Changes or Events.* Since March 31, 2000, (i) there have been no events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a material adverse effect on FNB or Bouchard, and (ii) neither FNB nor Bouchard has taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would result in a material breach or violation of any of the covenants and agreements of FNB or Bouchard provided in Article 6 of this Agreement.

5.7 *No Brokers or Finders.* Except as set forth herein or otherwise disclosed to the Shareholders, neither FNB nor Bouchard nor any of their directors, officers, employees or agents has retained, employed or used any broker or finder in connection with the transaction provided for herein or in connection with the negotiation thereof.

5.8 *Disclosure.* To the knowledge of FNB and Bouchard, no representation or warranty by FNB or Bouchard in this Agreement, nor any statement, certificate, schedule or exhibit hereto furnished or to be furnished by or on behalf of FNB or Bouchard pursuant to this Agreement, nor any document or certificate delivered to the Shareholders pursuant to this Agreement or in connection with transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading.

ARTICLE 6

COVENANTS

6.1 *Employment/Non-Competition Agreements.*

(a) Employment Agreements. Prior to the Closing, Connell & Herrig shall cause each of Bill Connell and Joanne Connell to duly execute and deliver an employment agreement in substantially the form attached hereto as Exhibit "2" (the "Employment Agreements") and to terminate in writing any existing agreement to which Connell & Herrig is a party respecting employment. Bouchard shall duly execute and deliver the Employment Agreements.

(b) Non-Competition/Non-Solicitation Agreement. Prior to the Closing, Connell & Herrig shall cause Steve F. Herrig to duly execute and deliver a non-competition/non-solicitation agreement in substantially the form attached hereto as Exhibit "3" (the "Non-Competition Agreement"). Bouchard shall duly execute and deliver the Non-Competition Agreement.

6.2 *Covenants Regarding Confidential Information.*

(a) Definitions. For the purposes of this Section 6.2, the term "Confidential Information" shall mean and include all information, data and know-how of Connell & Herrig which is acquired by FNB and Bouchard pursuant to the terms and conditions contained herein or relates to the Connell & Herrig business, including, without limitation, all Trade Rights in which Connell & Herrig, or the Shareholders have an interest, all customer lists and information, lists and information relating (without limitation) to manufacturers, vendors, underwriters and insurers, (including all information relating to rebates and fee payment plans provided by such parties to Connell & Herrig), all financing arrangements, existing or new products and services of the Connell & Herrig business, information relating to the solicitation of prospective cooperative Shareholders for the Connell & Herrig business purchased by FNB and Bouchard, all pricing, quotations, or know-how and any other information (whether or not constituting a trade secret) not generally known by competitive businesses which has value to FNB and Bouchard in their operation of the Connell & Herrig business. Confidential Information shall not include any data or information which has been voluntarily disclosed to the public by FNB or Bouchard (except where such disclosure has been made without authorization), that has been independently developed and disclosed by others or that otherwise enters the public domain by means other than by breach of this Agreement by Connell & Herrig or any of the Shareholders and their respective Affiliates.

(b) Non-Disclosure of Confidential Information. Recognizing FNB's and Bouchard's need to protect the goodwill of the Connell & Herrig business being purchased and to induce FNB and Bouchard to purchase the Connell & Herrig business, Connell & Herrig and the Shareholders each covenant and agree with FNB and Bouchard that, if the transactions contemplated hereby are closed, each will not disclose, use or otherwise exploit for its or his own benefit, or for the benefit of any other person or entity, any Confidential Information, except as required by law or court order. The covenant contained in this Section 6.2(b) shall survive for a period of five (5) years following the Closing Date; provided, however, that with respect to those

items of Confidential Information which constitute trade secrets under applicable law, the obligations of confidentiality and non-disclosure as set forth in this Section 6.2(b) shall continue to survive after said five (5) year period to the greatest extent permitted by applicable law. These rights of FNB and Bouchard are in addition to the rights FNB and Bouchard have under the common law or any applicable statute relating to the protection of trade secrets.

(c) Remedies. Each of Connell & Herrig and the Shareholders acknowledge that irreparable loss and injury would result to FNB or Bouchard upon any breach of any of the covenants contained in this Section 6.2 or any part thereof and that damages arising out of such breach would be difficult to ascertain. Connell & Herrig and the Shareholders each agree, in addition to any and all remedies provided at law or equity, that FNB and Bouchard may petition and obtain, without bond, from a court of law or equity both temporary and permanent injunctive relief to prevent a breach by Connell & Herrig or any Shareholder of any such covenant. In addition to the foregoing, Connell & Herrig and the Shareholders acknowledge that the covenants contained in this Section 6.2 are in addition to any covenant against non-disclosure of confidential information which may be contained in any ancillary agreements that may be entered into by Connell & Herrig or the Shareholders, or any one or more of them, with FNB and Bouchard contemporaneously with the execution of this Agreement or thereafter and that any remedy contained in this Section 6.2 shall be cumulative and not in lieu of any remedy available to FNB or Bouchard under any such ancillary agreements.

6.3 *Tax and Accounting Treatment; Securities Law Matters.*

(a) Prior to the Closing, FNB shall provide to Connell & Herrig and Connell & Herrig shall cause to be delivered to each of the Shareholders (i) the FNB SEC Reports and (ii) an Accredited Shareholder Supplement/Purchaser Questionnaire in the form attached hereto as Exhibit "4" ("Accredited Shareholder Supplement"). Connell & Herrig shall cause each Shareholder, and each Shareholder agrees, to execute and deliver to FNB and Bouchard, prior to the Closing, an Accredited Shareholder Supplement.

(b) Each of the parties hereto shall use their respective best efforts to cause the Merger to qualify as a reorganization under Section 368(a) of the Code. Prior to the Closing, none of the parties will take any action that could in any manner adversely affect such qualification.

(c) Each Shareholder agrees, for a period of one (1) year after the Closing, with respect to the Merger Consideration not to sell or otherwise distribute FNB Common Stock received in the Merger over which he has direct or indirect control without registration under the Securities Act and applicable state securities laws except pursuant to an exemption from registration thereunder.

6.4 *General Releases.* At the Closing, each Shareholder shall deliver general releases to FNB and Bouchard, in form and substance satisfactory to FNB and Bouchard, as the case may be, and their counsel, releasing FNB, Bouchard, Connell & Herrig and their respective directors, officers, agents and employees from all claims prior to the Closing Date, except (i) as may be described in written contracts and expressly described and excepted from such releases or as set forth on Schedule 6.4, and (ii) in the case of persons who are employees of Connell & Herrig, compensation for current periods expressly described and excepted from such releases. Such releases shall also contain waivers of any right of contribution or other recourse against Connell & Herrig with respect to representations, warranties or covenants made herein by Connell & Herrig.

6.5 *Access to Information and Records.* During the period prior to the Closing, Connell & Herrig shall give FNB and Bouchard, their counsel, accountants and other representatives (i) reasonable access during normal business hours to all of the properties, books, records, contracts and documents of Connell & Herrig for the purpose of such inspection, investigation and testing as FNB and Bouchard deem appropriate (and Connell & Herrig shall furnish or cause to be furnished to FNB and Bouchard and their respective representatives all information with respect to the business and affairs of Connell & Herrig as FNB or Bouchard may request); and (ii) access to employees, agents and representatives for the purposes of such meetings and communications as FNB or Bouchard reasonably desires.

6.6 *Conduct of Business Pending the Closing.* From the date hereof until the Closing, except as otherwise approved in writing by FNB and Bouchard, Connell & Herrig and the Shareholders covenant as follows:

(a) No Changes. Connell & Herrig will carry on its business diligently and in the same manner as heretofore and will not make or institute any material changes in its methods of purchase, sale, management, accounting or operation.

(b) Maintain Organization. Connell & Herrig will take commercially reasonable action to maintain, preserve, renew and keep in favor and effect its existence, rights and franchises and will use its best efforts to preserve its business organization intact, to keep available to it the present officers and employees, and to preserve its present relationships with manufacturers, underwriters, insurers, customers and others having business relationships with it.

(c) No Breach. None of Connell & Herrig or any Shareholder will do or omit any act, or permit any omission to act, which may cause a breach of any material contract, commitment or obligation, or any material breach of any representation, warranty, covenant or agreement made by Connell & Herrig and/or the Shareholders herein or made pursuant hereto.

(d) No Distributions, Other Actions. None of Connell & Herrig or the Shareholders will do or omit any act, or permit any omission to act, which would have required disclosure pursuant to Schedule 4.8 had it occurred after the date of the Connell & Herrig Financial Statements and prior to the date of this Agreement. Except as disclosed in Schedule 6.6(d), Connell & Herrig will not divest itself of any of its assets, including cash or cash equivalents, by distribution to the Shareholders otherwise than in the ordinary course of business.

(e) No Material Contracts. No contract or commitment will be entered into, and no purchase of materials or supplies and no sale or lease of assets (real, personal, or mixed, tangible or intangible) will be made, by or on behalf of Connell & Herrig, except contracts, commitments, purchase, sales or leases which (i) are (A) contracts or commitments for the purchase of, and purchases of, materials, supplies and/or services made in the ordinary course of business and consistent with past practice, (B) contracts or commitments for the sale or lease of, and sales or leases of, any product in the ordinary course of business and consistent with past practice, or (C) other contracts, commitments, purchases, sales or leases in the ordinary course of business and consistent with past practice, and (ii) are not material to Connell & Herrig (individually or in the aggregate), and would not have been required to be disclosed had they been in existence on the date of this Agreement.

(f) No Organizational Changes. Connell & Herrig shall not amend its articles of incorporation or bylaws or make any changes in the grant, issuance, or allocation of Connell & Herrig Common Shares.

(g) Maintenance of Insurance. Connell & Herrig shall maintain all of the insurance in effect as of the date hereof.

(h) Maintenance of Property. Connell & Herrig shall use, operate, maintain and repair all of its property in a normal business manner.

(i) Interim Financials. Connell & Herrig will provide FNB and Bouchard with interim monthly financial statements and other management reports as and when they are available.

(j) No Negotiations. None of Connell & Herrig or any Shareholder will directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective buyer, commence, or conduct presently ongoing, negotiations with any other party or enter into any agreement with any other party concerning the sale of Connell & Herrig, its assets or business or any part thereof or any of its equity securities (an "Acquisition Proposal"), and Connell & Herrig and the Shareholders shall immediately advise FNB and Bouchard of the receipt of any Acquisition Proposal.

(k) No Transfer of Common Stock. Connell & Herrig will not sell, purchase or make any distributions with respect to any Connell & Herrig Common Shares (including any options or rights to purchase or acquire any Connell & Herrig Common Shares). No Shareholder shall sell, pledge, encumber, purchase or otherwise transfer or attempt to transfer any of the Connell & Herrig Common Shares owned by such Shareholder. None of Connell & Herrig or any Shareholder will accept or recognize the validity of any purported sale, purchase or transfer of Connell & Herrig Common Shares.

(l) Repayment of Indebtedness and Guaranties. Prior to Closing, Connell & Herrig and the Shareholders shall cause all amounts owed to Connell & Herrig by an Affiliate to be repaid in full to Connell & Herrig, and shall cause the termination of any agreements pursuant to which Connell & Herrig has guaranteed, agreed to assume or pay, or agreed to make any indemnity with respect to, any indebtedness, obligation or commitment of any Affiliate.

6.7 *Consents.* Connell & Herrig and the Shareholders shall use their respective best efforts prior to Closing to obtain all consents necessary for the consummation of the transactions contemplated hereby. All such consents shall be in writing and executed counterparts thereof shall be delivered to FNB and Bouchard promptly upon receipt by Connell & Herrig.

6.8 *Other Action.*

(a) Connell & Herrig and the Shareholders shall use their respective best efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the parties' obligations to consummate the transactions contemplated in this Agreement.

(b) Connell & Herrig and each Shareholder agree to take any action necessary to cause the Merger to be approved in accordance with the articles of incorporation and bylaws of Connell & Herrig.

(c) Connell & Herrig and each Shareholder agree to take any reasonable action necessary to enable Connell & Herrig, immediately after the Closing, to repay, without premium, penalty or other charges, all indebtedness for borrowed money of Connell & Herrig outstanding as of the Closing Date.

6.9 *Data Processing Systems Compliance.* Connell & Herrig and the Shareholders shall ensure that all systems and computers operated in the Connell & Herrig business shall accurately and efficiently perform all functions and operations reasonably necessary in the normal day-to-day conduct of Connell & Herrig business.

6.10 *Real Property Matters.* Connell & Herrig and the Shareholders shall use their best efforts to cause to be obtained and executed and delivered to FNB and Bouchard, prior to Closing, all consents, approvals, documents and instruments contemplated in Section 7.4.

6.11 *Shareholder Debt.* Prior to the Closing, Connell & Herrig shall cause each Shareholder who has an obligation to Connell & Herrig arising out of the purchase of Connell & Herrig Common Shares to repay such obligation in full.

6.12 *Schedules.*

(a) Connell & Herrig and the Shareholders shall have a continuing obligation to promptly notify FNB in writing with respect to any matter hereafter arising or discovered which Connell & Herrig or the Shareholders become aware of, and which, if existing or known at the date of this Agreement, would have been required to be set forth or described in the Schedules, but no such disclosure shall cure any breach of any representation or warranty which is inaccurate when made. The delivery of any information pursuant to this Section 6.12 shall not constitute a waiver by FNB or Bouchard of any of the provisions of Section 7.1 and any and all adverse changes contained in any such notices shall be considered in the determination of whether the conditions set forth in Section 7.1 are met.

(b) If any fact, circumstance or development disclosed (i) requires any change in the Schedules, or (ii) would require such a change assuming the Schedules were dated as of the date of the occurrence, existence or discovery of such fact, circumstance or development, or (iii) would make any representation or warranty inaccurate if made as of the date of the occurrence, existence or discovery of such fact, circumstance or development, then Connell & Herrig or the Shareholders, as the case may be, shall promptly deliver to FNB and Bouchard a modification to its Schedules specifying such change (the "Modified Schedules") or a supplemental disclosure, as the case may be. Upon receipt of any such Modified Schedules or supplemental disclosure, FNB and Bouchard shall have the right to terminate this Agreement by giving written notice in accordance with Article 12 hereof within ten (10) business days following delivery of such Modified Schedules or supplemental disclosure, provided that the updated information contained on such Modified Schedules or supplemental disclosure creates a materially adverse exception to the representations and warranties of the notifying party under this Agreement or results in a material burden to the non-modifying or non-disclosing party.

6.13 *Registration Rights.* (a) Piggyback Registration.

(i) In the event that, between the Closing Date and the one year anniversary of the Closing Date, FNB proposes to register any of its securities under the Securities Act of 1933, as amended (the "Securities Act") other than on Forms S-4 or S-8 and the registration form to be used may be used for the registration of the Connell & Herrig Common Shares (a "Piggyback Registration"), FNB will give prompt written notice to the Shareholders with respect to the proposed offering at least ten (10) days before the initial filing with the Securities and Exchange Commission ("SEC") of such registration statement, and offer to include in such filing such number of Connell & Herrig Common Shares as any Shareholder may request. Each Shareholder desiring to have Connell & Herrig Common Shares registered under this Section 6.13(a) shall advise FNB in writing within five (5) days after the date of receipt of such notice from FNB, setting forth the amount of such Connell & Herrig Common Shares for which registration is requested. FNB shall thereupon include in such filing the number of Connell & Herrig Common Shares for which registration is so requested. Subject to the limitations contained in this Section 6.13, and shall use its best efforts to effect registration under the Securities Act of such Connell & Herrig Common Shares. FNB shall be obligated to effect only one such Piggyback Registration pursuant to this Section 6.13(a).

(ii) The registration expenses of the holders of Connell & Herrig Common Shares will be paid by FNB in all Piggyback Registrations to the extent provided in Section 6.13(b).

(iii) If a Piggyback Registration is an underwritten primary registration on behalf of FNB, and the managing underwriters advise FNB in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to FNB or would otherwise interfere with the successful marketing of the shares to be registered, FNB will include in such registration: (A) first, the securities FNB proposes to sell and (B) second, the Connell & Herrig Common Shares and other securities requested to be included in such registration by other shareholders, pro rata among the holders of such Connell & Herrig Common Shares and other securities on the basis of the number of shares owned by each such holder.

(iv) If a Piggyback Registration is an underwritten secondary registration on behalf of holders of FNB's securities, and the managing underwriters advise FNB in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting such registration or would otherwise interfere with the successful marketing of the shares to be registered, FNB will include in such registration: (A) first, the securities of the other holders of FNB requesting such registration and (B) second, the Connell & Herrig Common Shares and other securities requested to be included in such registration, pro rata among the holders of such Connell & Herrig Common Shares and other securities on the basis of the number of shares owned by each such holder.

(v) Whenever the Shareholders have requested that any Connell & Herrig Common Shares be registered pursuant to this Agreement, FNB will use reasonable efforts to effect the registration and the sale of such Connell & Herrig Common Shares in accordance with the intended method of disposition thereof and pursuant thereto FNB will as expeditiously as possible:

(A) prepare and file with the SEC a registration statement with respect to such Connell & Herrig Common Shares and use reasonable efforts to cause such registration statement to become effective ;

(B) furnish to each Shareholder such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Shareholder may reasonably request in order to facilitate the disposition of the Connell & Herrig Common Shares owned by such seller;

(C) use reasonable efforts to register or qualify such Connell & Herrig Common Shares under such other securities or blue sky laws of such jurisdictions as any seller of Connell & Herrig Common Shares reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Connell & Herrig Common Shares owned by such seller (provided that FNB will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (ii) subject itself to taxation in any such jurisdictions, (iii) consent to general service of process in each such jurisdiction or (iv) undertake such actions in any jurisdiction other than the states of the United States of America and the District of Columbia);

(D) notify each seller of such Connell & Herrig Common Shares, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of any such seller, FNB will prepare a supplement or amendment to such prospectus so that, as thereafter delivered to purchasers of such Connell & Herrig Common Shares, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;

(E) use its best efforts to cause all such Connell & Herrig Common Shares to be listed on each securities exchange on which similar securities issued by FNB are then listed, or, if similar securities of FNB are listed on the Nasdaq Stock Market, use its best efforts to cause all such Connell & Herrig Common Shares to be listed for quotation on the Nasdaq Stock Market;

(b) In the event that FNB does not register any of its securities under Section 6.13(a) hereof, and if the shares of FNB Common Stock received by the Shareholders in connection with the Merger are not then eligible for resale pursuant to Rule 144 under the Securities Act (or, in the opinion of counsel to FNB, at the date on which the Registration Statement (as defined below) is declared effective by the SEC, the shares would not be eligible for resale pursuant to Rule 144), FNB shall prepare and file with the SEC a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act within one year following the Closing Date, and shall use its reasonable best efforts to cause such Registration Statement to become effective as soon as practicable thereafter, in order to permit the resale by the Shareholders of all shares of FNB Common Stock received by them in connection with the Merger. FNB shall pay all of the reasonable out-of-pocket expenses incurred in connection with such Registration Statement, including, without limitation, all SEC and blue sky registration and filing fees, printing expenses, transfer agent and

registrar fees, and the fees and disbursements of FNB's outside counsel and independent accountants. FNB shall also prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all shares registered thereunder until the earlier of such time as all such securities have been disposed of in accordance with the intended methods of disposition by the Shareholders or the second anniversary of the effectiveness of such Registration Statement.

Notwithstanding anything contained in this Section 6.13 to the contrary, FNB, on one occasion, may delay filing a Registration Statement and may withhold efforts to cause the Registration Statement to become effective, if FNB reasonably determines in good faith that such Registration Statement would (i) interfere with or affect the negotiation or completion of any transaction that is being contemplated by FNB (whether or not a final decision has been made to undertake such a transaction) at the time the right to delay is exercised, or (ii) involve initial or continuing disclosure obligations that require initial or updated disclosure under the Exchange Act. If, after the Registration Statement has become effective, FNB advises the holders of registered shares that FNB in good faith considers it appropriate for the Registration Statement to be amended, the holders of such shares shall suspend any further sales of their registered shares until FNB advises them that the Registration Statement has been amended. FNB agrees to amend or update the Registration Statement as soon as practicable in the event FNB determines in good faith that an amendment is appropriate.

Each holder of shares to be registered on such Registration Statement shall furnish to FNB such information regarding such holder and the distribution of such shares as FNB shall from time to time reasonably request and as shall be required by law or by the SEC in connection therewith. All information provided to FNB by such holders shall be accurate and complete and all material respects.

6.14 *Employee Benefit Plans.* Following the Closing Date, FNB and Bouchard shall either continue the Employee Plans/Agreements of Connell & Herrig in existence as of the Closing Date or shall cover the employees of Connell & Herrig in the Bouchard employee benefit plans, in which latter event, the Employee Plan/Agreements of Connell & Herrig shall be terminated or merged into the employee benefit plans of Bouchard on the same basis as Bouchard's employees are covered. Nothing in this Section 6.14 shall limit FNB's or Bouchard's right to amend or terminate any employee benefit plan of FNB or Bouchard, or, after the Closing Date, any Employee Plan/Agreement of Connell & Herrig; provided, however, that no such amendment or termination shall discriminate against employees of Connell & Herrig.

6.15 *Additional Connell & Herrig Financial Statements.* Connell & Herrig agrees to provide to FNB and Bouchard, not later than the fifth business day prior to Closing, (i) certain audited financial statements of Connell & Herrig (the "Audited Financial Statements") consisting of (A) audited balance sheets at December 31, 1999 and 1998 and (B) statements of income, cash flows and stockholders' equity for the years ended December 31, 1999 and 1998 (including the notes contained thereto), together with the audited report thereon of Kirkland, Russ, Murphy & Tapp, CPAs, and (ii) an audited balance sheet of Connell & Herrig at March 31, 2000, together with the audited report thereon of Kirkland, Russ, Murphy & Tapp, CPAs (the balance sheet described in clause (ii) is referred to as the "Recent Financial Statements"). The Audited Financial Statements and the Recent Financial Statements shall be prepared in accordance with GAAP and with the books and records of Connell & Herrig, and will fairly present, in accordance with GAAP, the assets, liabilities and financial position and results of operations of Connell & Herrig as of the dates and for the periods indicated.

6.16 *Use of Name.* Connell & Herrig and each of the Shareholders agree that upon Closing, all rights and interests any of them shall have in the name "Connell & Herrig Insurance, Inc." shall be transferred to Bouchard, and the Shareholders covenant not to use the names "Connell & Herrig," "Connell," "Herrig" or any derivation thereof in connection with any business engaged in the selling of insurance products or other financial services; provided, however, with respect to the use of the name "Herrig," Steve F. Herrig covenants not to use the name "Herrig" or any derivation thereof in connection with any business engaged in the selling of insurance products or other financial services for a period of five years from the Closing Date.

6.17 *Underwriter/Insurer Consents.* Connell & Herrig shall obtain and deliver to FNB and Bouchard written consents to the Merger from the underwriters and insurers set forth on Schedule 6.17.

6.18 *Insurance Business.* Connell & Herrig and each of the Shareholders agree that in the event that (i) Elite Employment Services, an employee leasing company, and its successors and assigns ("Elite") provides employee leasing services to a client of Connell & Herrig or the Surviving Corporation, and (ii) Elite provides to such client insurance products through an insurance agent other than Connell & Herrig or the Surviving Corporation, then the Shareholders shall cause Elite to pay to the Surviving Corporation cash in an amount equal to the aggregate commissions earned by such other agent as a result of providing such products and services to the employees of such client. For purposes of this Section 6.18, the amount of "aggregate commissions earned" shall be determined by reference to the commission schedules being utilized at the time that the particular product or service is being offered by such other agent.

6.19 *Employee Licenses.* Connell & Herrig and the Shareholders shall use their reasonable best efforts to cause the individuals listed on Schedule 4.11(b) to become appropriately licensed for the services they currently perform for Connell & Herrig or will perform for the Surviving Corporation.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF FNB AND BOUCHARD

Each and every obligation of FNB and Bouchard to be performed on the Closing Date shall be subject to the satisfaction prior to or at the Closing of each of the following conditions:

7.1 *Representations and Warranties True as of the Closing Date.* Each of the representations and warranties made by Connell & Herrig and the Shareholders in this Agreement, in the statements contained in the Schedules or in any instrument, list, certificate or writing delivered by Connell & Herrig and the Shareholders pursuant to this Agreement, shall be true and correct when made and shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing Date, except for any changes permitted by the terms of this Agreement or consented to in writing by FNB and Bouchard.

7.2 *Compliance with Agreement.* Connell & Herrig and the Shareholders shall have in all material respects performed and complied with all of their agreements and obligations under this Agreement which are to be performed or complied with by them prior to or on the Closing Date, including the delivery of the closing documents specified in Section 10.1.

7.3 *Absence of Suit.* No action, suit or proceeding before any court or any governmental authority shall have been commenced or threatened, and no investigation by any governmental or regulating authority shall have been commenced, against FNB, Bouchard, Connell & Herrig, the Shareholders, or any of the

Affiliates, of any of them, seeking to restrain, prevent or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages in connection with, or imposing any condition on, any such transactions.

7.4 *Consents and Approvals.* All approvals, consents and waivers that are required to effect the transactions contemplated hereby shall have been received, and executed counterparts thereof shall have been delivered to FNB and Bouchard, including, without limitation, all approvals and consents, whether governmental or private, necessary for FNB's or Bouchard's intended use of the Real Property in the manner used at present. Connell & Herrig and the Shareholders shall cooperate with FNB and Bouchard in obtaining, and take all actions reasonably necessary to obtain, any such consents or approvals.

7.5 *Indebtedness; Guaranties.* All amounts owed to Connell & Herrig by an Affiliate shall have been repaid in full and all agreements pursuant to which Connell & Herrig guaranteed that indebtedness or obligations of any Affiliate shall have been terminated, without the payment of any consideration by Connell & Herrig.

7.6 *Completion of Due Diligence Investigation.* As a result of FNB's and Bouchard's due diligence investigation of Connell & Herrig and its business and operations, there shall not have been discovered by FNB or Bouchard, any circumstance or condition in connection with a review of information including but not limited to Connell & Herrig Financial Statements, the general ledger and subsidiary ledgers maintained by Connell & Herrig, Connell & Herrig contracts, minute books maintained by Connell & Herrig of meetings of the Board of Directors, committees of the Board and meetings of shareholders, stock transfer records which would require under GAAP a negative adjustment to shareholders' equity as set forth in the Connell & Herrig Financial Statements of an amount equal to or greater than \$25,000;

7.7 *Accredited Shareholder Supplement.* FNB and Bouchard shall have received from each of the Shareholders receiving shares of FNB Common Stock hereunder an executed Accredited Shareholder Supplement.

7.8 *Opinion of Counsel.* FNB and Bouchard shall have received an opinion of Taso M. Milonas, P.A. dated as of the Closing Date, substantially in the form attached hereto as Exhibit "5."

7.9 *Employment Agreements.* FNB and Bouchard shall have received an executed copy of the Employment Agreements and the Non-Competition Agreement contemplated by Section 6.1.

7.10 *Lease.* The Shareholders shall enter into a written lease with the Surviving Corporation (the "Lease") for the facility at 4001 Swift Road in Sarasota, Florida which is currently owned by Connell & Herrig. The Lease shall be at the annual rate of \$16 per square feet, such rate having been determined by arms length negotiations with Bouchard and such lease shall have a five year term which shall be renewable at the option of the Surviving Corporation for two successive five year terms.

7.11 *Execution of Agreement by Shareholders.* Each Shareholder shall have duly executed this Agreement.

7.12 *Release from Captive Agreement.* Connell & Herrig shall have been released from that certain profit return agreement by and between Star Insurance Company, Ameritrust Insurance Corporation and Connell & Herrig, dated July 1, 1998 (the "Profit Return Agreement"), and shall have caused all losses or gains resulting from such Profit Return Agreement, if any, to be distributed or allocated among the Shareholders. Connell & Herrig shall cause that certain promissory note outstanding in connection with that

certain Indemnity Agreement by and between Star Insurance Company, Ameritrust Insurance Corporation and Connell & Herrig, dated July 1, 1998 (the "Indemnity Agreement") to be assigned to the Shareholders and shall cause the Indemnity Agreement to be amended, thereby releasing Connell & Herrig from any future claims under the Indemnity Agreement.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF CONNELL & HERRIG AND THE SHAREHOLDERS

Each and every obligation of Connell & Herrig and the Shareholders to be performed on the Closing Date shall be subject to the satisfaction prior to or at the Closing of the following conditions:

8.1 *Representations and Warranties True on the Closing Date.* Each of the representations and warranties made by FNB and Bouchard in this Agreement shall be true and correct when made and shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing Date.

8.2 *Compliance with Agreement.* FNB and Bouchard shall have in all material respects performed and complied with all of FNB's and Bouchard's agreements and obligations under this Agreement which are to be performed or complied with by FNB and Bouchard prior to or on the Closing Date, including the delivery of the closing documents specified in Section 10.2.

8.3 *Absence of Suit.* No action, suit or proceeding before any court or any governmental authority shall have been commenced or threatened, and no investigation by any governmental or regulating authority shall have been commenced, against FNB, Bouchard, Connell & Herrig, the Shareholders, or any of the Affiliates, of any of them, seeking to restrain, prevent or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages in connection with, or imposing any condition on, any such transactions.

8.4 *Consents and Approvals.* All governmental approvals, consents and waivers that are required to effect the transactions contemplated hereby shall have been received.

8.5 *Tax Treatment.* The Shareholders shall have been provided with a written opinion from Smith, Gambrell & Russell, LLP (the "Tax Opinion"), to the effect that (i) the Merger will constitute a Merger within the meaning of Section 368(a) of the Code and (ii) the exchange in the Merger of the Connell & Herrig Common Shares for FNB Common Stock will not give rise to gain or loss to the Shareholders with respect to such exchange (except to the extent of any cash received in lieu of a fractional share of FNB Common Stock). In rendering such Tax Opinion, such counsel shall be entitled to rely upon representations of officers of FNB, Bouchard and officers and shareholders of Connell & Herrig reasonably satisfactory in form and substance to such counsel.

ARTICLE 9

INDEMNIFICATION

9.1 *By Shareholders.* All representations and warranties of the parties herein shall survive the Closing for a period of two (2) years, except for representations and warranties relating to income taxes, and matters set forth in Section 4.2, which shall survive indefinitely for the applicable statute of limitations ("Survival Period"). Subject to the terms and conditions of this Section 9, each Shareholder, jointly and severally (subject to Section 9.3 hereof and except for Claims relating to Section 6.2, which shall be several and not joint with respect to each Shareholder and his, her or its breach or alleged breach thereof) shall indemnify, defend and hold harmless FNB and Bouchard, and their respective directors, officers, employees and controlled and controlling persons (hereinafter "FNB's Affiliates") from and against all Claims asserted against, resulting to, imposed upon, or incurred by FNB and Bouchard or any of FNB's Affiliates, directly or indirectly, by reason of, arising out of or resulting from (a) the inaccuracy or breach of any representation or warranty of Connell & Herrig or any Shareholder contained in or made pursuant to this Agreement or any of the Ancillary Instruments (regardless of whether such breach is deemed "material" for purposes of Section 7.1), (b) the breach of any covenant or agreement of Connell & Herrig or any Shareholder contained in this Agreement or any of the Ancillary Instruments, (c) the manner in which Connell & Herrig has filed any Tax Returns, (d) any pollution, threat to human health or the environment, or exposure to, or manufacture, processing, distribution, use, treatment, generation, transport or handling, disposal, emission, discharge, storage or release of Waste that (1) is related in any way to Connell & Herrig ownership, operation or occupancy of the business, properties and assets currently or formerly owned or used by Connell & Herrig, and which (2) in whole or in part occurred, existed, arose out of conditions or circumstances that existed, or was caused on or before the Closing Date, whether or not disclosed pursuant to Section 4.11 or otherwise, (e) the demand or attempted demand by any Shareholder relating to dissenters' right or rights, if any, for appraisal arising out of the Merger in accordance with the FBCA, (f) any claim by any person or entity, whether or not identified in this Agreement, that such person has or had any rights to the Connell & Herrig Common Shares, or payment of any distribution with respect thereto of Connell & Herrig, or any present or former subsidiary or Affiliate, including as a result of any such person having a Lien on any assets of any Shareholder, (g) Connell & Herrig's actual or alleged infringement, prior to the Closing, of any trademark or trade name of any person or entity, provided such claims shall not include any costs and expenses incurred by FNB, Bouchard or any FNB Affiliate in changing the name, trade name, and/or trademark of Connell & Herrig and reprinting any materials, labels, letterhead, advertising materials and signs, supplies and similar items, (h) the failure to obtain certain consents from carriers to the Merger as set forth in Section 6.17, (i) the failure to obtain the appropriate licenses for the employees referenced in Section 6.19 of this Agreement for any act or omission which occurred, existed, or was caused on or before the Closing Date, or (j) the failure of the Connell & Herrig or Shareholders to satisfy the conditions under Section 7.12 of this Agreement, but only to the extent that such claim exceeds \$150,000. Notwithstanding the foregoing, neither FNB nor Bouchard shall have any right to seek indemnification under Section 9.1(g) with respect to any Claim under Section 9.1(g) for which FNB or Bouchard has not given the Shareholders notice prior the first anniversary of the Closing if at that time FNB or Bouchard is still using the Connell & Herrig name in the conduct of the Connell & Herrig business. As used in this Section 9, the term "Claim" shall include (i) all debts, liabilities and obligations; (ii) all losses, damages (including, without limitation, consequential damages with respect to third party claims but not with respect to independent claims of FNB or Bouchard, on the one hand, or Connell & Herrig or the Shareholders, on the other hand), judgments, awards, settlements, costs and expenses (including, without limitation, interest (including prejudgment interest in any litigated matter), penalties, court costs and reasonable attorneys fees and expenses (including those incurred to enforce rights under this Section 9)); and (iii) all demands, claims, suits, actions, costs of

investigation, causes of action, proceedings and assessments, whether or not ultimately determined to be valid.

9.2 *By FNB and Bouchard.* Subject to the terms and conditions of this Section 9, FNB and Bouchard hereby agree to indemnify, defend and hold harmless each Shareholder from and against all Claims asserted against, resulting to, imposed upon or incurred by any such Shareholder, directly or indirectly, by reason of, arising out of, or resulting from (a) the inaccuracy or breach of any representation or warranty of FNB or Bouchard contained in or made pursuant to this Agreement or any Ancillary Instrument (regardless of whether such breach is deemed "material" for purposes of Section 6.1), or (b) the breach of any covenant or agreement of FNB or Bouchard contained in this Agreement or any of the Ancillary Instruments.

9.3 *Limitations on Indemnification.*

(a) With Respect to Obligations of Shareholders. Notwithstanding anything to the contrary in this Agreement, (i) the Shareholders' obligation to indemnify FNB, Bouchard and FNB's Affiliates for Claims under Section 9.1 shall accrue only if the aggregate of all such Claims exceeds \$10,000 and then, subject to clause (ii) of this Section, the Shareholders shall be liable for all such claims in excess of such initial \$10,000, (ii) in no event shall the maximum aggregate liability of the Shareholders with respect to their obligations to indemnify FNB or Bouchard for Claims under Section 9.1 exceed an amount equal to the Merger Consideration (as defined in Article 2) (the "Cap Amount"), and (iii) in no event shall the maximum aggregate liability of any Shareholder with respect to such Shareholders' obligations to indemnify FNB for Claims under Section 9.1 exceed such Shareholders' Allocable Portion of the Cap Amount. The "Allocable Portion" of a Shareholder shall mean that fraction equal to the number of shares of Connell & Herrig Common Shares held by such Shareholder on the date of Closing divided by the total number of shares of Connell & Herrig Common Shares outstanding on the date of Closing.

(b) With Respect to Obligations of FNB. Notwithstanding anything to the contrary in this Agreement, (i) the obligations of FNB and Bouchard to indemnify the Shareholders for Claims under Section 9.2 shall accrue only if the aggregate of all such Claims exceeds \$10,000 and then, subject to clause (ii) of this Section, FNB and Bouchard shall be liable for all such Claims in excess of such \$10,000, and (ii) in no event shall the maximum aggregate liability FNB or Bouchard with respect to its obligations to indemnify the Shareholders for Claims under Section 9.2 exceed the Cap Amount.

(c) Fraud or Willful Breach; No Limitation for Certain Breaches. The parties hereby agree that the limitations set forth in Section 9.3(a) and 9.3(b) shall not apply to (i) the indemnification obligations of any party with respect to any Claims that have resulted proximately from the fraud or willful breach of such party, or (ii) the indemnification obligations of the Shareholders under clause (i) or (j) in Section 9.1 of the Agreement.

9.4 *Indemnification of Third-Party Claims.* The obligations and liabilities of any party to indemnify any other under this Section 9 with respect to a Claim relating to or arising from a claim relating to third parties (a "Third Party Claim") shall be subject to the following terms and conditions:

(a) Notice and Defense. The party or parties to be indemnified (whether one or more, the "Indemnified Party") will give the party from whom indemnification is sought (the "Indemnifying Party") prompt written notice of any such Claim (which shall be given no later than the expiration of the Survival Period applicable to a representation or warranty with respect to which a Claim is made), and the Indemnifying Party may undertake the defense thereof by representatives chosen by it. In all matters

concerning the Shareholders by virtue of joint and several liability, an agent for the Shareholders (the "Shareholders' Agent") shall give and receive notice and otherwise act in all respects on their behalf. Failure to give notice to a Shareholder shall not affect the Indemnifying Party's duty or obligations under this Section 9, except to the extent the Indemnifying Party is prejudiced thereby. So long as the Indemnifying Party is defending any such Third Party Claim actively and in good faith, the Indemnified Party shall not settle such Claim. The Indemnified Party shall make available to the Indemnifying Party or its representatives all records and other materials required by them and in the possession or under the control of the Indemnified Party, for the use of the Indemnifying Party and its representatives in defending any such Claim, and shall in other respects give reasonable cooperation in such defense.

(b) Failure to Defend. If the Indemnifying Party, within a reasonable time after notice of any such Claim, fails to defend such Claim actively and in good faith, then the Indemnified Party will (upon further written notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such Claim or consent to the entry of a judgment with respect to such Claim, on behalf of and for the account and risk of the Indemnifying Party, and the Indemnifying Party shall thereafter have no right to challenge the Indemnified Party's defense, compromise, settlement or consent to judgment therein.

(c) Indemnified Party's Rights. Anything in this Section 9.4 to the contrary notwithstanding, (i) if there is a reasonable probability that a Claim would reasonably be expected to materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right to defend, compromise or settle such Claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such Claim.

(d) Procedures for Claims Not Involving Third Parties.

(i) All claims not involving third parties made under Sections 9.1 or 9.2 shall be asserted as soon as practicable and with respect to Claims for breach of representation and warranties no later than the expiration of the Survival Period applicable to the representation or warranty with respect to which the Claim is made. Each claim must be in writing and set forth in reasonable detail the basis for the Claim, all material facts then known to the claimant or Indemnified Party with respect thereto, and the section(s) of this Agreement under which the Claim arises.

(ii) Notice of a Claim by FNB and Bouchard against the Shareholders must be sent to the Shareholders' Agent. Notice of a Claim against one or more individual Shareholders based on a breach of the representations of such Shareholder(s) contained in Section 4.2 shall be sent to the Shareholders' Agent who shall promptly notify the Shareholder(s) that is the subject of the Claim.

(iii) The recipient of a Claim, the Indemnifying Party, shall, within thirty (30) days after receipt of the Claim, give notice to the claimant, the Indemnified Party, either that he accepts the Claim or objects to the Claim. If no notice is given within such period, it shall be conclusively presumed that the Indemnifying Party has accepted the Claim. If the Indemnifying Party timely objects to the Claim, the parties shall negotiate in good faith to determine the amount of the Claim.

(iv) All notices under this Section shall be given as provided in Section 12.8 of this Agreement.

9.5 *Payment.*

(a) To the extent that any Indemnifying Party shall be required to indemnify any Indemnified Party pursuant to this Section 9, such indemnification obligation shall be satisfied for all purposes hereunder by delivering to such Indemnified Party a cash payment or certificates, duly endorsed for transfer, representing that number of FNB Common Shares, rounded to the nearest share, having a value, based on the closing price of the FNB Common Stock on the date of delivery of the indemnity payment, equal to the amount due such Indemnified Party hereunder, subject to Section 9.4(b). To the extent that any Shareholder has insufficient shares of FNB Common Stock to satisfy any indemnification obligation hereunder, such Shareholder shall satisfy the remaining amount of such obligation by cash payment to FNB and Bouchard.

(b) In the event that a Shareholder (i) is or may be deemed to be covered by Section 16 of the Exchange Act, (ii) has an indemnification obligation which such Shareholder desires to pay in shares of FNB Common Stock hereunder, and (iii) has, within six (6) months prior to the time that such obligation arises, purchased any shares of FNB Common Stock, such Shareholder shall be entitled to delay payment of his indemnification obligation hereunder until after six (6) months have passed from the date of the last purchase preceding the date on which the obligation arose if as a condition to such postponement such Shareholder provides security for his obligations which is reasonably satisfactory to FNB and Bouchard.

9.6 *No Waiver.* The closing of the transactions contemplated by this Agreement shall not constitute a waiver by any party of its rights to Indemnification hereunder, regardless of whether the party seeking Indemnification has knowledge of the breach, violation or failure of condition constituting the basis of the Claim at or before the Closing, and regardless of whether such breach, violation or failure is deemed to be "material" for purposes of Section 11.2.

9.7 *Adjustment of Liability.* In the event an Indemnifying Party is required to make any payment under this Section 9 in respect of any damages, liability, obligation, loss, claim, or other amount indemnified hereunder, such Indemnifying Party shall pay the Indemnified Party an amount (the "Adjusted Amount") which is equal to the sum of (i) the amount of such damages, liability, obligation, loss, claim or other amount, minus (ii) the amount of any insurance proceeds the Indemnified Party actually receives or is entitled to receive with respect thereto, minus (iii) any third party payments actually received by the Indemnified Party with respect to such damages, liability, obligation, loss, claim or other amount after demand or notice to such third party from the Indemnified Party or the Indemnifying Party (with the consent of the Indemnified Party which will not be unreasonably withheld), plus or minus, as the case may be, (iv) the amount of the Net Tax Liability or Benefit (as hereinafter defined). "Net Tax Liability or Benefit" shall be equal to the amount, if any (and which may be a positive or negative amount), by which, the sum of all federal, state, and local taxes, if any, required to be paid by such Indemnified Party in respect of the receipt or accrual of the Adjusted Amount exceeds or is less than the sum of (a) the value of any reduction in taxes of such Indemnified Party by reason of deductions, credits or allowances in respect of the payment or accrual of the damages, liability, obligation, loss, claim or other amount included in clause (i) above recognized by such Indemnified Party in the same year, or in a prior year, in which the taxes in respect of the receipt or accrual by such Indemnified Party of the Adjusted Amount would be payable and (b) the net present value of any reduction in taxes of such Indemnified Party by reason of deductions, credits or allowances in respect of the payment or accrual of the damages, liability, obligation, loss, claim or other

amount included in clause (i) above recognized by such Indemnified Party in years thereafter. The net present value of any such reduction in taxes shall be determined by discounting the amount of such reduction in taxes semi-annually from the date such tax saving is recognized or reasonably expected to be recognized (which shall be deemed to be the date the applicable tax return on which such tax saving would be properly reflected is due, without extensions) to the date of payment of the applicable indemnity by such Indemnifying Party, applying a discount factor equal to the interest rate on federal income tax deficiencies in effect at the time of such adjustment. For purposes of determining the amount of any taxes required to be paid and any tax savings recognized or reasonably expected to be recognized by such Indemnified Party hereunder, it shall be assumed that such Indemnified Party is subject to tax in each applicable taxing jurisdiction at the highest applicable marginal rate then in effect in such jurisdiction.

ARTICLE 10

CLOSING

10.1 *Documents to be Delivered by Connell & Herrig and the Shareholders.* At the Closing, Connell & Herrig and the Shareholders shall deliver to FNB and Bouchard the following documents, in each case duly executed or otherwise in proper form:

(a) Share Certificates. Certificates representing the Connell & Herrig Common Shares, and such other documents, instruments and agreements with respect to the Connell & Herrig Common Shares as may be reasonably requested by FNB or Bouchard.

(b) Compliance Certificate. A certificate signed by each of the Shareholders that each of the representations and warranties made by Connell & Herrig and the Shareholders pursuant to this Agreement is true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made or given on and as of the Closing Date (except for any changes permitted by the terms of this Agreement or consented to in writing by FNB and Bouchard), and that Connell & Herrig and the Shareholders have performed and complied in all material respects with all of their respective obligations under or pursuant to this Agreement which are to be performed or complied with on or prior to the Closing Date.

(c) Opinion of Counsel. A written opinion of Taso M. Milonas, P.A., counsel to Connell & Herrig and the Shareholders, dated as of the Closing Date, addressed to FNB and Bouchard, substantially in the form of Exhibit "5" hereto.

(d) Certain Agreements. The agreements, documents, instruments and certificates referred to in Sections 6.1, 6.3, 6.4, 6.7, 7.4 and 7.7, duly executed by the persons referred to in such Sections other than FNB and Bouchard.

(e) Certified Resolutions. Certified copies of the resolutions of the Shareholders and the Board of Directors of Connell & Herrig authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement.

(f) Articles; Bylaws. A copy of the bylaws of Connell & Herrig certified by the secretary of Connell & Herrig, and a copy of the articles of incorporation of Connell & Herrig certified by the Secretary of State of the State of Florida.

(g) Incumbency Certificate. Incumbency certificates relating to each person executing (as a director or officer of Connell & Herrig or otherwise on behalf of another person) any document executed and delivered to FNB or Bouchard pursuant to the terms hereof.

(h) Articles of Merger. The Articles of Merger contemplated by Section 1.3 duly executed on behalf of Connell & Herrig.

(i) Employment Agreements. The Employment Agreements and the Non-Competition Agreement, duly executed by the persons identified in Section 6.1.

(j) Assignment. A properly executed assignment acceptable to FNB and Bouchard providing for the assignment to FNB and Bouchard of any and all right, title and interest of the Shareholders in and to (i) the right to use the name "Connell & Herrig Insurance, Inc.," "Connell & Herrig" or any variation thereof (which shall be limited to insurance business) together with all of the goodwill, if any, attendant thereto.

(k) Consents of Insurance Companies. The consents of the insurance companies specified by FNB and Bouchard pursuant to Section 6.17 hereof to the exchange and transfer of the shares of Connell & Herrig Common Stock to FNB subject to this Agreement.

(l) Other Documents. All other documents, instruments or writings required to be delivered to FNB or Bouchard at or prior to the Closing pursuant to this Agreement (including, but not limited to, an assignment of all leases affecting the Real Property) and such other certificates of authority, documents, instruments or writings as FNB or Bouchard may reasonably request.

10.2 *Documents to be Delivered by FNB and Bouchard.* At the Closing, FNB and Bouchard shall deliver to the Shareholders the following consideration and documents, in each case duly executed or otherwise in proper form:

(a) Consideration. The Merger Consideration except and to the extent of certificates withheld by FNB pending the receipt of signatures of a Shareholder pursuant to Section 1.8(c) hereof.

(b) Compliance Certificate. A certificate signed by officers of FNB and Bouchard that the representations and warranties made by FNB and Bouchard in this Agreement are true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made or given on and as of the Closing Date (except for any changes permitted by the terms of this Agreement or consented to in writing by Connell & Herrig and the Shareholders), and that FNB and Bouchard have performed and complied with all of their respective obligations under this Agreement which are to be performed or complied with on or prior to the Closing Date.

(c) Tax Opinion. The Tax Opinion of Smith, Gambrell & Russell, LLP, dated as of the Closing Date, addressed to Connell & Herrig and the Shareholders.

(d) Certified Resolutions. A certified copy of the resolutions of the executive committees of the Boards of Directors of FNB and Bouchard authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement.

(e) Incumbency Certificate. Incumbency certificates executed by each corporate officer executing any document to be delivered pursuant to this Agreement on behalf of FNB or Bouchard.

(f) Other Documents. All other documents, instruments or writings required to be delivered to Connell & Herrig and the Shareholders at or prior to the Closing pursuant to this Agreement and such other certificates of authority and documents as Connell & Herrig may reasonably request.

ARTICLE 11

TERMINATION

11.1 *Right of Termination Without Breach.* This Agreement may be terminated without further liability of any party at any time prior to the Closing:

(a) by mutual written consent of FNB, Bouchard, Connell & Herrig and the Shareholders;
or

(b) by either FNB or Bouchard, on the one hand, or Connell & Herrig and the Shareholders, on the other hand, if (i) the Closing shall not have occurred on or before July 31, 2000, provided the terminating party has not, through breach of a representation, warranty or covenant, prevented the Closing from occurring on or before such date; or (ii) any consent of any federal or state regulatory authority required for consummation of the Merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal.

(c) by FNB or Bouchard pursuant to Section 6.12(b).

11.2 *Termination for Breach.*

(a) Termination by FNB or Bouchard. If (i) there has been a material violation or breach by Connell & Herrig or any Shareholder of any of the agreements, covenants, representations or warranties contained in or made pursuant to this Agreement which has not been waived in writing by FNB and Bouchard, or (ii) Connell & Herrig shall have attempted to terminate this Agreement under this Section 11 or otherwise without grounds to do so, then FNB or Bouchard may, by written notice to Connell & Herrig at any time prior to the Closing that such violation, breach, failure or wrongful termination attempt is continuing, terminate this Agreement with the effect set forth in Section 11.2(c) hereof.

(b) Termination by Connell & Herrig and Shareholders. If (i) there has been a material violation or breach by FNB or Bouchard of any of the agreements, covenants, representations or warranties contained in this Agreement which has not been waived in writing by Connell & Herrig and the Shareholders, or (ii) FNB or Bouchard shall have attempted to terminate this Agreement under this Section 11 or otherwise without grounds to do so, then Connell & Herrig and the Shareholders may, by written notice to FNB and Bouchard at any time prior to the Closing that such violation, breach, failure or wrongful termination attempt is continuing, terminate this Agreement with the effect set forth in Section 11.2(c) hereof.

(c) Effect of Termination. Termination of this Agreement pursuant to this Section 11.2 shall not in any way terminate, limit or restrict the rights and remedies of any party hereto against any other party which has violated, breached or failed to satisfy any of the representations, warranties, covenants, agreements, conditions or other provisions of this Agreement prior to termination hereof. In addition to the right of any party under common law to redress for any such breach or violation, each

party whose breach or violation has occurred prior to termination shall jointly and severally indemnify each other party for whose benefit such representation, warranty, covenant, agreement or other provision was made ("indemnified party") from and against all losses, damages, costs and expenses (including, without limitation, interest (including prejudgment interest in any litigated matter), penalties, court costs, and attorneys fees and expenses) asserted against, resulting to, imposed upon, or incurred by the indemnified party, directly or indirectly, by reason of, arising out of or resulting from such breach or violation in an amount not to exceed \$100,000, which amount shall be deemed an exclusive remedy or liquidated damages. Subject to the foregoing, the parties' obligations under Section 12.1 of this Agreement shall survive termination.

ARTICLE 12

MISCELLANEOUS

12.1 *Expenses.*

(a) Except as otherwise provided in this Section 12.1 and Section 11.2, each of the parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration, and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel.

(b) Nothing contained in this Section 12.1 shall constitute or shall be deemed to constitute an exclusive remedy or liquidated damages for the willful breach by a party of the terms of this Agreement or otherwise limit the rights of the nonbreaching party.

12.2 *Brokers and Finders.* Each of the parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder in connection with this Agreement or the transactions contemplated hereby. In the event of a claim by any broker or finder based upon his or its representing or being retained by or allegedly representing or being retained by Connell & Herrig, the Shareholders, or FNB and Bouchard, each of Connell & Herrig and the Shareholders, on the one hand, and FNB and Bouchard, on the other hand, as the case may be, agrees to indemnify and hold the other party harmless of and from any liability in respect of any such claim.

12.3 *Entire Agreement.* Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral. Except as otherwise expressly provided herein, nothing in this Agreement expressed or implied, is intended to confer upon any person, other than the parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

12.4 *Amendments.* To the extent permitted by law, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of the Boards of Directors of each of the Parties, whether before or after shareholder approval of this Agreement has been obtained.

12.5 *Waivers.*

(a) Prior to or at the Effective Time, FNB or Bouchard, acting through their respective Boards of Directors, chief executive officers, presidents, or other authorized officers, shall have the right to waive any default in the performance of any term of this Agreement by Connell & Herrig or the

Shareholders, to waive or extend the time for the compliance or fulfillment by Connell & Herrig or the Shareholders of any and all of their respective obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of FNB and Bouchard under this Agreement, except any condition which, if not satisfied, would result in the violation of any law. No such waiver shall be effective unless in writing signed by a duly authorized officer of FNB and Bouchard.

(b) Prior to or at the Effective Time, Connell & Herrig, acting through its Board of Directors, chief executive officer, president or other authorized officer, shall have the right to waive any default in the performance of any term of this Agreement by FNB, to waive or extend the time for the compliance or fulfillment by FNB or Bouchard of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Connell & Herrig under this Agreement, except any condition which, if not satisfied, would result in the violation of any law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Connell & Herrig.

(c) The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

12.7 *Assignment.* Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any party hereto (whether by operation of Law or otherwise) without the prior written consent of the other party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors, and assigns.

12.8 *Notices.* All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

Connell & Herrig:	Connell & Herrig Insurance, Inc. 4001 Swift Road Sarasota, Florida 34231-6500 Telephone Number: 941-922-0245 Telecopy Number: 941-925-3705 Attention: Steve F. Herrig, President
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Copy to Counsel:	Taso M. Milonas, P.A. P. O. Box 5768 Sarasota, Florida 34277-5768 Telephone Number: 941-756-0111 Telecopy Number: 941-756-0111
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FNB: F.N.B. Corporation
One FNB Boulevard
Hermitage, PA 16148
Telephone Number: 724-981-6000
Telecopy Number: 724-983-3515
Attention: Chairman and Chief Executive Officer

Bouchard: Roger Bouchard Insurance, Inc.
101 Starcrest Drive
Clearwater, Florida 33765
Telephone Number: 727-447-6481
Telecopy Number: 727-449-1267
Attention: Tim A. Bouchard

Copy to Counsel: Smith, Gambrell & Russell, LLP
1230 Peachtree Road, NE
Suite 3100, Promenade II
Atlanta, Georgia 30309
Telephone Number: 404-815-3500
Telecopy Number: 404-685-7058
Attention: Robert C. Schwartz, Esq.

12.9 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to any applicable conflicts of laws, except to the extent that the laws of the State of Florida relate to the consummation of the Merger.

12.10 *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12.11 *Captions.* The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

12.12 *Enforcement of Agreement.* The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

12.13 *Severability.* Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf and its corporate seal to be hereunto affixed and attested by officers thereunto as of the day and year first above written.

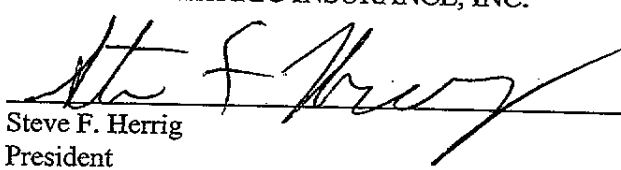
F.N.B. CORPORATION

By: _____
Name: Kevin C. Hale
Title: Executive Vice President and Chief Operating Officer,
Florida Division

ROGER BOUCHARD INSURANCE, INC.

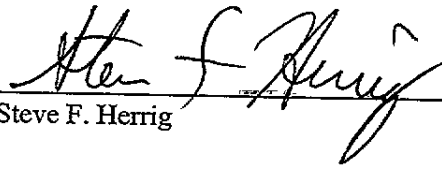
By: _____
Name: Tim A. Bouchard
Title: Vice President

CONNELL & HERRIG INSURANCE, INC.

By: 
Name: Steve F. Herrig
Title: President

SHAREHOLDERS OF CONNELL & HERRIG
INSURANCE, INC.

By: 
Name: William Connell

By: 
Name: Steve F. Herrig

F.N.B. CORPORATION

By: Kevin C. Hale
Name: Kevin C. Hale
Title: Executive Vice President and Chief Operating Officer,
Florida Division

ROGER BOUCHARD INSURANCE, INC.

By: Tim A. Bouchard
Name: Tim A. Bouchard
Title: Vice President

CONNELL & HERRIG INSURANCE, INC.

By: _____
Name: Steve F. Herrig
Title: President

SHAREHOLDERS OF CONNELL & HERRIG
INSURANCE, INC.

By: _____
Name: William Connell

By: _____
Name: Steve F. Herrig