

**ARTHUR J. GALLAGHER & CO.
("AJGCO")**

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

The Audit Committee is appointed by the Board to assist the Board of Directors in its oversight of the integrity of AJGCO's financial statements; the compliance of AJGCO with legal and regulatory requirements; and the qualifications, independence and performance of AJGCO's independent auditors and the performance of AJGCO's internal auditors.

The Audit Committee shall be comprised of three or more directors as determined and appointed by the Board. The members of the Audit Committee shall (a) meet the independence and experience requirements of the New York Stock Exchange and (b) shall otherwise satisfy the applicable requirements for audit committee service imposed by the Securities Exchange Act of 1934, as amended (the "Act"). One member of the Audit Committee shall be a "financial expert," as such term is defined by the SEC. No director who serves on the audit committee of more than two public companies other than AJGCO shall be eligible to serve as a member of the Audit Committee. Determinations as to whether a particular director satisfies the requirements for membership on the Audit Committee shall be made by the Board.

The members of the Audit Committee shall be designated by the Board on the recommendation of the Nominating/Governance Committee at the annual meeting of the Board or until their successors shall be duly designated. Unless a Chair is elected by the Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, not less than four times a year. The Committee will meet at such times as determined by its chairperson or as requested by any two of its members. Notice of all meetings shall be given, and waiver thereof determined, pursuant to the provisions contained in AJGCO's bylaws. The chairperson will preside, when present, at all meetings of the Committee. The Committee may meet by telephone or video conference and may take action by written consent.

The Committee may form and delegate to one or more subcommittees all or any portion of the Committee's authority, duties and responsibilities, and may establish such rules as it determines necessary or appropriate to conduct its business.

Each member of the Committee shall have one vote. A majority of the members shall constitute a quorum and the Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members present at any meeting at which a quorum is present, or by the unanimous written consent of all of the Committee members subject to the provisions of the preceding paragraph.

The Committee shall maintain copies of minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee. A copy of the minutes of each meeting and all consents shall be placed in AJGCO's minute book.

The Committee shall have the authority to obtain, at AJGCO's expense, but at funding levels determined by the Committee, advice and assistance from outside legal, accounting or other advisors. The Committee shall also have authority to obtain advice and assistance from any officer or employee of AJGCO.

The Audit Committee shall:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the disclosures under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Audit Committee shall make a recommendation to the Board as to whether the annual audited financial statements should be included in AJGCO's Annual Report on Form 10-K.
3. Review with the independent auditor any audit problems or difficulties, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and management's responses to the same.
4. Be directly responsible for the appointment, retention, termination, compensation and oversight of the independent auditor. The Audit Committee shall also be responsible for the resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall preapprove all auditing and permitted non-audit services (including the fees and terms thereof) to be provided to AJGCO by the independent auditor, subject to any exceptions provided in the Act.
5. Obtain and review, at least annually, a report from the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and (to assess the independent auditor's independence) all relationships between the independent auditor and AJGCO. Discuss with the independent auditor any issues or relationships disclosed in such report that, in the judgment of the Audit Committee, may have an impact on the competence or independence of the independent auditor.
6. Meet periodically with each of AJGCO's independent auditor, management and chief internal auditor in separate executive sessions.

7. Consider the independent auditor's judgments about the quality and appropriateness of AJGCO's accounting principles as applied in its financial reporting.
8. Review major changes to AJGCO's auditing and accounting principles and practices as suggested by the independent auditor or management.
9. Review AJGCO's financial reporting processes and internal controls, based on consultation with the independent auditor and the internal audit department. Such review shall include a consideration of major issues regarding accounting principles and financial statement presentations, including any significant changes in AJGCO's selection or application of accounting principles, and major issues as to the adequacy of AJGCO's internal controls and any special audit steps adopted in light of identified deficiencies.
10. Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
11. Review with AJGCO's General Counsel, or appropriate delegates, legal, disclosure or other matters that may have a material impact on AJGCO's financial statements and legal compliance matters.
12. Prepare an audit committee report as required by the SEC to be included in AJGCO's annual proxy statement.
13. Obtain assurance from the independent auditor that the audit was conducted in a manner consistent with Section 10A of the Act.
14. Discuss with the independent auditor all matters required to be communicated to the Audit Committee by the independent auditor under auditing standards generally accepted in the United States.
15. Annually review and evaluate the qualifications, performance and independence of the lead partner of the independent auditor and assure regular rotation of the lead audit partner of the independent auditor as required by law.
16. Discuss earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance if and to the extent provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Audit Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Audit Committee need not discuss in advance each earnings release or each instance in which AJGCO gives earnings guidance.
17. Review and discuss with the independent auditor and, to the extent appropriate, management, any reports of the independent auditor required by law or professional auditing standards, including reports on: (a) all critical accounting policies and practices to be used in preparing the financial statements, (b) all alternative treatments of financial

information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

18. Discuss, as appropriate, the adequacy of the Company's internal controls with the internal and independent auditors and senior management, including without limitation, reports from the Chief Executive Officer or the Chief Financial Officer regarding deficiencies in the design or operation of internal controls or any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
19. Establish procedures for (i) the receipt, retention and treatment of complaints received by AJGCO regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of AJGCO of concerns regarding questionable accounting or auditing matters. Review periodically with management and the internal audit department these procedures and any significant complaints received.
20. Review annually the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on AJGCO's financial statements.
21. Discuss policies with respect to risk assessment and risk management, AJGCO's major financial risk exposures and the steps management has taken to monitor and control such exposures, it being understood that it is the job of management to assess and manage AJGCO's exposure to risk and that the Audit Committee's responsibility is to discuss guidelines and policies by which risk assessment and management is undertaken.
22. Set clear hiring policies with respect for employees or former employees of the independent auditor.
23. Conduct an annual performance evaluation of the Audit Committee.
24. Report regularly to the Board, both with respect to the activities of the Audit Committee generally and with respect to any issues that arise regarding the quality or integrity of AJGCO's financial statements, AJGCO's compliance with legal and/or regulatory requirements, the performance and independence of the independent auditor and the performance of the internal audit department.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that AJGCO's financial statements are complete and accurate and are in accordance with accounting principles generally accepted in the United States or other jurisdictions. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to assure compliance with laws and regulations and AJGCO's Code of Business Conduct and Ethics.