

ARTHUR J. GALLAGHER & CO.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

Purpose

The Compensation Committee shall be appointed by the Board of Directors pursuant to the Board's overall authority to discharge the Board's responsibilities relating to the compensation and benefits of the Company's executive officers and to perform the authorities, duties and responsibilities set forth in this Charter.

Membership

The Committee shall be comprised of three or more directors. Each member of the Committee shall meet (i) the independence requirements of the New York Stock Exchange, (ii) the requirements for a "Non-Employee Director" contained in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (iii) the requirements for an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Determinations as to whether a particular director satisfies the requirements for membership of the Committee shall be made by the Board.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating/Governance Committee and shall serve for such terms as the Board may determine, or until their earlier resignation, death, or removal by the Board. A chairperson of the Committee shall be designated by the Board.

Operations

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 twice 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 the Company'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.

Each member of the Committee shall have one vote. A majority of the members, but not less than two, shall constitute a quorum. 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.

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 the Company's minute book.

The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

Authority, Duties and Responsibilities

The Committee shall:

1. Annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance and establish the individual elements of the CEO's total compensation based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and shareholder returns relative to comparable companies, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.
2. Review and make recommendations to the Board regarding the Company's compensation and benefit plans, including with respect to incentive-compensation plans and equity-based plans, policies and programs.
3. Review and approve the compensation and benefits of the Company's executive officers.
4. Consult on the setting of compensation for executive officers and such other officers as the Committee deems appropriate. The Committee shall have the authority to engage a compensation consultant to assist in the evaluation of CEO or executive officer compensation, and shall have the sole authority to retain and terminate any compensation consultant, including sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company or any outside legal, tax, accounting or other advisor. All fees and expenses of any such compensation consultant or outside legal, tax, accounting or other advisor shall be paid by the Company.
5. Approve grants and/or awards of restricted stock, stock options and other forms of equity-based compensation under the Company's stock option, incentive-compensation and equity-based plans.
6. The Committee shall periodically review and make recommendations to the Board with respect to the compensation of outside directors.
7. Review and approve, for the CEO and other executive officers of the Company, when and if appropriate, employment agreements, severance agreements and change in control provisions/agreements.
8. Provide a compensation committee report on executive compensation required to be included in the Company's annual proxy statement.

9. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
10. Conduct an annual performance evaluation of the Committee.
11. Report to the Board on a regular basis and make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.