New Medical Plan Provider—Blue Cross Blue Shield

Arthur J. Gallagher & Co. has selected Blue Cross Blue Shield (BCBS) as our medical plan provider for 2007. This decision was made because of the large BCBS network and improved health management services. That’s good news for you and your family because more healthcare providers will be available for cost-saving in-network benefits.

Largest PPO Network

BCBS is one of the most well-known and respected health plan providers in the U.S. One in three Americans is enrolled in a BCBS-affiliated health plan, and 79% of Fortune 100 companies have BCBS coverage. That means BCBS is trusted by millions of people.

Is Your Doctor In-Network?

One of your first steps should be to verify that your doctors are in the BCBS network. Just go to www.bcbsil.com and click on Provider Finder, or call 1-800-203-3765. This may be the perfect time to change to an in-network doctor if you don’t already have one. Remember, you always receive the best benefits when you visit in-network providers.

• Use PPO Network when searching with the Provider Finder on the BCBS web site.
• BCBS service representatives will be able to answer your network questions as well as basic benefit plan questions. Please identify yourself as a Gallagher employee who will be joining BCBS in January.
• CA employees — Please use the 800 number for immediate provider information. When using the website, you will need to enter the prefix GMB (Gallagher Medical Benefits) when prompted.
Medical Plan Benefits

There will be minimal changes to specific medical plan benefits even though we are changing providers. For those who are currently under a doctor’s care for a chronic medical condition or pregnancy, please see the Transition of Care article on page 4.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>YOU PAY In-Network</th>
<th>YOU PAY Out-of-Network</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductible</strong></td>
<td>$400 per person;</td>
<td>$800 per person;</td>
</tr>
<tr>
<td></td>
<td>$1,200 per family</td>
<td>$2,400 per family</td>
</tr>
<tr>
<td><strong>Coinsurance</strong></td>
<td>20% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Maximum Out-of-Pocket</strong></td>
<td>$3,000 per person;</td>
<td>$6,000 per person;</td>
</tr>
<tr>
<td>Excludes deductibles</td>
<td>$9,000 per family</td>
<td>$18,000 per family</td>
</tr>
<tr>
<td><strong>Office Visit</strong></td>
<td>$20 copay; 20% other services</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Wellness Benefits</strong></td>
<td>20%, no deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td>Birth through age 2 — no limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 3 and older — $500 maximum per person†</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hospital Services</strong></td>
<td>20% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td>Pre-certification required‡</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Emergency Care</strong></td>
<td>$50 ER copay; 20% other services after deductible</td>
<td></td>
</tr>
<tr>
<td>Non-emergency visits to the emergency room</td>
<td></td>
<td></td>
</tr>
<tr>
<td>are not covered</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Therapy Services</strong></td>
<td>20% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td>Outpatient physical, occupational and speech—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 visit maximum per year — Excess visits require authorization for medical necessity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mental Health and</strong></td>
<td>$150 deductible per person</td>
<td>$450 deductible per family</td>
</tr>
<tr>
<td>Substance Abuse Treatment‡</td>
<td>$3,000,000 including Mental Health (active employees)</td>
<td>$100,000 Substance Abuse</td>
</tr>
</tbody>
</table>

1 In-network deductible and out-of-pocket expenses offset the out-of-network deductible and out-of-pocket maximums. Family deductibles and out-of-pocket maximums are three times the individual amounts stated.
2 Does not apply to chiropractic care.
3 Mammograms and colonoscopies are covered under wellness but excluded from the maximum.
4 Pre-certification is required at least one business day prior to an elective admission and within two business days of emergency or maternity admission. A penalty applies if not pre-certified.
5 Separate from medical deductible.

NOTE: If you need to purchase durable medical equipment, please contact BCBS at 1-800-203-3765 for a network provider in your area. You are not required to use a network provider but using one could save you money.

Prescription Drug Benefits

Three drug copays (for Generic, Preferred Brands and Non-Preferred Brands) help you manage your medication costs. Generics and Preferred Brands cost you less than Non-Preferred medications. You can go to www.bcbsil.com, click Members and then Prescription Drugs to find the list of Preferred Brands. You can also save money by using the mail order service for medications you or a family member takes regularly.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Pharmacy (30-day Supply)</th>
<th>Mail Order (90-day Supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generic</strong></td>
<td>You pay 20%, $7 minimum</td>
<td>You pay 20%, $14 minimum</td>
</tr>
<tr>
<td><strong>Preferred Brand</strong></td>
<td>You pay 30%, $20 minimum</td>
<td>You pay 30%, $40 minimum</td>
</tr>
<tr>
<td><strong>Non-Preferred Brand</strong></td>
<td>You pay 40%, $35 minimum</td>
<td>You pay 40%, $70 minimum</td>
</tr>
<tr>
<td><strong>Specialty Drugs</strong></td>
<td>You pay 20% Call 800-203-3765</td>
<td></td>
</tr>
</tbody>
</table>

*For a list of 2007 Preferred Brand and Specialty Drugs, go to www.bcbsil.com or the HR Information Port on the Gallagher Online Portal.

Notice Requirement

The Gallagher medical plan provides benefits for breast reconstruction and surgical symmetry following a mastectomy.
Dental Benefits

Good dental care is important for your overall good health. Regular check-ups and teeth cleanings help you stop small problems before they become expensive procedures. Gallagher includes dental benefits in the cost of your medical plan; there is no additional cost to you.

There are no changes to your dental benefits for 2007. **Claims will continue to be processed through American Administrative Group (AAG).** The plan does not use a preferred provider network. Claims filing information is on your benefits reference card.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Preventive</th>
<th>Basic</th>
<th>Major</th>
<th>Orthodontia¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>None</td>
<td>$50 per person per year</td>
<td>$50 lifetime</td>
<td></td>
</tr>
<tr>
<td>You Pay</td>
<td>20%</td>
<td>40%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Plan Maximums</td>
<td>$1,000 per person per year</td>
<td>$1,000 lifetime</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Available to dependent children age 19 or less when treatment begins.

Employee Contributions for Medical/Dental

There will be a slight increase in your employee contributions for your medical and dental benefits in 2007. These contributions are based on your annual earnings (regular pay, overtime, commissions and incentive bonuses) and your desired coverage level. Specific per pay period costs are listed below.

<table>
<thead>
<tr>
<th>2006 Annual Earnings</th>
<th>Contributions Per Pay Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employee Only</td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>$38</td>
</tr>
<tr>
<td>$25,000 – $49,999</td>
<td>$43</td>
</tr>
<tr>
<td>$50,000 – $74,999</td>
<td>$46</td>
</tr>
<tr>
<td>$75,000 – $99,999</td>
<td>$50</td>
</tr>
<tr>
<td>$100,000 – $124,999</td>
<td>$54</td>
</tr>
<tr>
<td>$125,000 and more</td>
<td>$64</td>
</tr>
</tbody>
</table>

NEW! Hearing Aid Discounts

Digital hearing aid discounts are available to BCBS participants and their dependents as well as their parents and grandparents. For more information, contact TruHearing at **866-687-2020** or **www.truhearing.com**.

Vision Discount Benefits

Participants in the BCBS plan may receive discounts on eye exams and eyewear including frames, lenses, lens options and permanent contact lenses through EyeMed Vision Care. Periodic eye examinations can not only determine the need for corrective eyewear, but may also detect general health problems in their earliest stages. Eye health is important and the vision discount program is provided at no additional cost to you.

Your vision discounts are available through a network of ophthalmologists, optometrists, opticians and retailers. There are no deductibles, claim forms or limits on use. Find a network provider at **www.bcbsil.com** or call **866-273-0813**.

Discounts on laser vision correction surgery and disposable contact lenses are also available. For additional information, call **866-484-2020**.
Transition of Care

It’s hard to change medical providers when you are pregnant or in treatment for a chronic condition. However, BCBS can help ease your concern with Customer Advocates who guide you through the transition to the BCBS medical plan. Please contact BCBS at 1-800-203-3765 to talk with a Customer Advocate.

You should contact BCBS before January 1 if you or a family member is:

• In the hospital
  – including extended care and skilled nursing facilities
  – including substance abuse and behavioral health inpatient care
• Pregnant—any stage
• In treatment for a terminal illness
• Receiving cancer treatment such as chemotherapy or radiation
• Receiving kidney dialysis
• In physical or occupational therapy
• In cardiac rehabilitation

Prescription Drugs

If you have an open mail-order prescription with ExpressScripts on December 31, 2006, it will be transferred to the new BCBS prescription drug carrier, PrimeTherapeutics, effective January 1, 2007 (except for controlled substances, compounds, expired or discontinued medications, or prescriptions that have no remaining refills). For any new mail order prescriptions, register with PrimeMail at www.bcbsil.com > Members > Prescription Drugs > PPO > PrimeMail: Online Registration/Patient Profile or complete the registration in your Mail Order packet enclosed with your Annual Enrollment materials.

NEW! Manage Your Health with BCBS Online

You can get the most from your medical plan with online tools from BCBS.

Make Informed Health Care Decisions

With BCBS you can have personal attention, professional medical support, online resources and health advocacy to assist you in obtaining the right resources, optimizing your medical benefits and managing your medical conditions.

• Utilization and Case Management (Medical Services Advisory) — Helps you understand your benefits and requirements for hospital admission.
• Mental Health and Chemical Dependency — Available 24/7 to help find providers and certify treatment.
• Blue Care Advisor — Registered nurses can answer questions and provide information about chronic conditions.
• 24/7 Nurseline — Available at any hour to answer any health care questions. Learn more about more than 1,200 health topics with the audio library.
• Healthy Expectations — Understand and manage your pregnancy including risk assessment and monitoring. Maternity nurses staff BabyLine to answer specific questions 24/7.

Personal Health Manager

Additional online services can help you improve your health, manage a chronic condition or prepare for a specific medical treatment.

• Health Risk Assessment — identify possible health risks.
• Wellness Information — suggestions for health improvement, wellness tracking, and managing specific medical conditions as well as reminders for screening tests, appointments and medication refills.
• Personal Health Record — for you and your family members
• Ask A Nurse — health issues and questions
• Ask a Trainer — exercise advice
• Ask A Dietitian — nutrition questions
• Ask A Life Coach — manage stress, workplace conflicts
• Health Library — to research health and medical information

Blue Access for Members

After you are enrolled, you can use this secure service to check the status of a claim and view your Explanation of Benefits (EOB). You can sign up to receive an e-mail when a claim has been finalized, or opt out of receiving paper EOBS if you wish; EOBS are available online for 12 months.

• Hospital Comparison — Access individual hospital’s outcome data for specific diagnoses and procedures. Compare hospital performance factors such as average length of stay, how many procedures the hospital has performed, complication rates and the cost of various procedures.
• Treatment Cost Advisor — Obtain cost information for common health care services based on demographic and geographic data.
FSAs Save You Money

Flexible Spending Accounts (FSAs) are specifically designed to help you with health care and dependent day care expenses. They can save you 25% to 38% on these expenses by reducing the taxes you pay.

Here’s how FSAs work:
1. You decide how much to deposit to your FSA during the year.
2. FSA deposits are taken from your paycheck on a pre-tax basis.
3. When you have health care or dependent day care expenses, you submit a reimbursement form.
4. You receive your tax-free dollars from your FSA as reimbursement for expenses.

Your FSA deposits are deducted from each paycheck before federal, FICA or state taxes are calculated. So in effect, you do not pay taxes on your eligible FSA expenses.

Health Care FSA
This FSA helps you pay for your annual deductible, copays for doctors’ visits, over-the-counter and prescription drugs, and other health expenses which are not covered by your medical, dental or vision plan. You may deposit up to $8,000 to this FSA. You have until March 15, 2008 — 14½ months — to incur expenses for reimbursement from your 2007 Health Care FSA contribution.

Dependent Day Care FSA
This account helps you pay for child care or adult day care for a dependent. Reimbursable expenses include day care services in or out of your home which allow you and your spouse to work. You may deposit up to $5,000 to this FSA. You have until December 31, 2007 to incur expenses for reimbursement from your 2007 Dependent Care FSA.

Generic Drugs Save You Money Too

Prescription drugs can be a large component of your out-of-pocket medical expenses. One way to help control these expenses is to use generic drugs. Generics contain the same active ingredients as brand-name medications in the same dosage form and strength. They meet strict specifications for identity, strength, quality, purity and potency from the U.S. Food and Drug Administration. Generic drugs generally cost about 25% to 65% less than brand name drugs. You can see why generics are an effective way to reduce your health care costs without impacting quality.

You may need to ask your doctor for approval to use generic drugs. While the Gallagher medical plan does not require the use of generic drugs, it does pay more of the cost (which means you pay less). You pay only 20% of the lower generic drug cost instead of 30% or 40% of much higher priced preferred or non-preferred brand name drugs. Generic drugs can save you money. Ask your doctor and give them a try.

If you do not make changes to your benefits, your 2006 elections, including any contributions to the Health and/or Dependent Day Care Flexible Spending accounts, will carry forward and cannot be changed until the next annual enrollment unless you have a qualified life event. If you were hired in 2006, you may need to adjust your FSA Contribution for the full year of 2007. Otherwise, the same annual (not monthly) amount you elected in 2006 will carry forward to 2007.
Pension Modeling and Estimates Available Online

(The Arthur J. Gallagher Defined Benefit Pension Plan was frozen as of July 1, 2005.)

Pension Plan services are now available through Prudential Retirement Services, a single resource to handle all your questions. You can obtain the information you want online at www.prudential.com/online/retirement, a secure, private website where you can review your personal pension data. That’s also where you can model various pension estimates based on assumptions such as different retirement dates and payment options. It’s quick, easy and paperless. And you’ll have the information you want immediately. To get started, click on First Time Logging In? and enter your Social Security number as your Account Number. Additional financial tools, financial planning courses and financial articles are available at www.prudential.com/signature.

You may also obtain confidential information about your pension benefits at 877-778-2100, Prudential’s automated phone service. For personal assistance, press *0 to speak with a participant service representative weekdays 8 a.m. to 9 p.m. ET.

You should contact Prudential at least 90 days before you plan to retire to avoid a delay in your pension benefit payments.

Gallagher Benefits

Gallagher offers a wide array of benefits:

• Medical Benefits
• Dental Benefits
• Vision Discount Benefits
• Hearing Aid Discounts
• Flexible Spending Accounts—Health Care and Dependent Day Care
• Basic Employee Life Insurance
• Basic Employee Accidental Death & Dismemberment (AD&D)
• Dependent Life Insurance
• Voluntary Employee Life Insurance
• Voluntary Employee AD&D
• Short-Term Disability
• Long-Term Disability
• 401(k) Savings and Thrift Plan
• Employee Stock Purchase Plan (ESPP)
• Employee Assistance Program (EAP)
• Vacation
• Paid Holidays
• Education Assistance
• Charitable Gifts Program

For more information on any of these benefits, please see plan information posted on the Gallagher Online Portal, in the HR Information Port.
2007 Enrollment Update

Enroll Online Early!
It’s easy and takes less than 10 minutes

Questions?
Employee Self-Service and/or benefit changes:
Send an e-mail to: onlinebenefits@ajg.com
We will make every attempt to answer all questions within two business days.

Medical Claims:
800-203-3765, BCBS
www.bcbsil.com\ajg

Dental Claims:
800-693-8900, AAG
www.aagco.com

Prescription Drug Claims:
800-203-3765, BCBS/Prime Therapeutics

Section 125 Flexible Spending Plan: 800-821-8197, AAG

Enrollment Checklist
No changes to your 2007 coverage or contributions will be accepted after annual enrollment ends. Use the checklist below to complete your enrollment.

- Review current benefits—Use Employee Self-Service to view your 2006 benefits.
- Update dependent information—List all your dependents even if they are not covered by the medical plan; they may be eligible for life insurance coverage.
- Determine any changes to benefits for 2007—Identify the changes you wish to make to address your family needs for next year.
- Decide your FSA contribution amounts—2006 annual amounts will become your 2007 election unless you make changes during annual enrollment.
- Validate life insurance beneficiaries—Review your beneficiaries and make any necessary changes.
- Consider additional voluntary life insurance for you, your spouse or your dependents. Any changes will require evidence of insurability. Forms are available on the Gallagher Online Portal in the HR Information Port.
- Consider additional voluntary Accidental Death & Dismemberment. Refer to the enclosed brochure for information about coverage, costs and enroll using Employee Self-Service.
- Questions?—Contact onlinebenefits@ajg.com with questions about enrollment or benefit changes.
- Complete online enrollment. If you are not making changes in 2007, you do not need to do anything.
- Print a confirmation statement of your 2007 benefit choices for your records.
- If you do not enroll, your current benefits will continue in 2007.
- Verify enrollment January 15, 2007—Review your new payroll deductions using Employee Self-Service. If you have questions, please e-mail onlinebenefits@ajg.com.

Important Reminder: Your benefit elections will remain in effect for all of 2007. If you experience a qualified life event during the year, certain changes consistent with the life event may be allowed when you make your change through Employee Self-Service within 31 days of the event (such as gain or loss of coverage or dependents). After 31 days, no changes, including adding newly acquired dependents to your coverage, will be allowed until the next annual enrollment.

This enrollment guide is a Summary of Material Modification to your benefit coverage. Please keep it with your benefit materials. Specific benefit provisions are fully described in the Plan Documents, and the Plan Documents will govern. This information is provided by Human Resources, Arthur J. Gallagher & Co., Itasca, IL.
Online Enrollment with Employee Self-Service

(You must have these browser versions or higher in order to enroll with Employee Self-Service: Internet Explorer 5.2, Netscape 7.2, Mozilla 1.7.5, or Firefox 1.0.4. You may also schedule a time with your manager to enroll on an equipped workstation in your office.)

Three Ways to reach Employee Self-Service:

- www.ajg.com/HRSelfServ
- GB Intra-Facs > Employee Self-Service
- Lotus Notes > Gallagher Online Portal > AJG > References > HR Information Port > Benefits

Log In Instructions:

- Your username is your five digit employee number. (For Gallagher Basset employees, this is the last five digits of your Rix-Facs number.)
- Your initial password is the first four letters of your last name followed by the last four digits of your Social Security number, unless you have created another password. For example: Susan Sample, SS# 999-999-9999 would be samp9999. **If you have already accessed Employee Self-Service, please use your current password.**
- When logging in for the first time, you will be asked to create your own password after you log in. Passwords must be six to ten characters (letters and numbers) and are case sensitive. Passwords must be changed every 120 days. Keep your password in a safe place for future use.

It’s Like Free Money in the 401(k)

You are leaving money on the table if you don’t contribute at least 5% to the 401(k) Savings and Thrift Plan. Gallagher matches 100% of the first 5% you save in the plan. That’s like saving 10% of each paycheck. You are eligible for the company match beginning after one year of employment. But don’t wait to start saving. If you are at least age 21 and a regular full or part-time employee, you can begin saving your own pre-tax money when you are hired.

Automatic Enrollment

If you are not enrolled in the plan or are contributing less than 5% on your first anniversary, you will automatically be enrolled for 5% savings to take advantage of the company match. Your contributions will automatically be invested in the Destination Retirement fund that best matches your projected age 65 retirement date. However, you may change your investment fund and savings rate at any time.