



Insurance | Risk Management | Consulting

“Corporate Culture as Growth Driver and Differentiator:  
Shared Values and Culture More Relevant Today than Ever”

**J. PATRICK GALLAGHER, JR. | CHAIRMAN, PRESIDENT AND CEO  
ARTHUR J. GALLAGHER & CO.**

NAW BILLION DOLLAR CEO ROUNDTABLE  
OCTOBER 12, 2017

# 90 Years

- 1950 – Bob, John, Jim Gallagher
- 1958 – Our Lady of Angels fire
- 1962 – Gallagher Bassett Services
- 1966 – Pat Gallagher – File Boy and Runner
- 1968 – First \$1 Million
- 1970 – Go-go period
  - Revenues – 36%
  - Profits – 56%
  - Staff – 26%
- 1974 – International GH&V
- 1974 – Bermuda
- 1976 – Confidential launches

- Top Ten
- 1984 – AJGCo. – IPO - \$13.75 (\$1.72 after 3 splits)
- 1984 – *The Gallagher Way*
- 1986 – Mergers and Acquisitions
- 1986 – GBS
- 1986 – GB Stand Alone
- 1987 – NYSE
- 1990 – New president
- 1994 – Risk Management Partners (RMP)
- 1997 – Risk Placement Services
- 1997 – AJG Financial Services, Inc.



**ROBERT E. GALLAGHER 1923-2006**

The employees of Arthur J. Gallagher & Co. pay tribute to our Chairman, Robert E. Gallagher, who passed away on August 30, 2006.

A true leader, philanthropist and consummate insurance broker, Bob was a source of inspiration to us all.

Over his 58 year career, he was instrumental in growing a small Chicago insurance agency into a global, billion-dollar enterprise while fostering a culture based on integrity, client focus and teamwork.

We miss you, Bob, but you will always be with us. Your vision will guide us and the values you instilled in our company will continue to light our way.



Arthur J. Gallagher & Co.  
www.ajg.com

### The Gallagher Way

(written by Bob Gallagher in 1984)

WE ARE A SALES AND MARKETING COMPANY DEDICATED TO PROVIDING EXCELLENCE IN RISK MANAGEMENT SERVICES TO OUR CLIENTS. \* WE SUPPORT ONE ANOTHER. WE BELIEVE IN ONE ANOTHER. \* WE ACKNOWLEDGE AND RESPECT THE ABILITY OF ONE ANOTHER. \* WE PUSH FOR PROFESSIONAL EXCELLENCE. \* WE CAN ALL IMPROVE AND LEARN FROM ONE ANOTHER. \* THERE ARE NO SECOND-CLASS CITIZENS. \* EVERYONE IS IMPORTANT AND EVERYONE'S JOB IS IMPORTANT. \* WE'RE AN OPEN SOCIETY. \* EMPATHY FOR THE OTHER PERSON IS NOT A WEAKNESS. \* SUSPICION BREEDS MORE SUSPICION. TO TRUST AND BE TRUSTED IS VITAL. \* LEADERS NEED FOLLOWERS. HOW LEADERS TREAT FOLLOWERS HAS A DIRECT IMPACT ON THE EFFECTIVENESS OF THE LEADER. \* INTERPERSONAL BUSINESS RELATIONSHIPS SHOULD BE BUILT. \* WE ALL NEED ONE ANOTHER. WE ARE ALL COGS IN A WHEEL. \* NO DEPARTMENT OR PERSON IS AN ISLAND. \* PROFESSIONAL COURTESY IS

 Arthur J. Gallagher & Co.

## The Gallagher Way

Shared values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s Shared Values?

1. We are a Sales and Marketing Company dedicated to providing excellence in Risk Management Services to our clients.
2. We support one another. We believe in one another. We acknowledge and respect the ability of one another.
3. We push for professional excellence.
4. We can all improve and learn from one another.
5. There are no second-class citizens—everyone is important and everyone's job is important.
6. We're an open society.
7. Empathy for the other person is not a weakness.
8. Suspicion breeds more suspicion. To trust and be trusted is vital.
9. Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.
10. Interpersonal business relationships should be built.
11. We all need one another. We are all cogs in a wheel.
12. No department or person is an island.
13. Professional courtesy is expected.
14. Never ask someone to do something you wouldn't do yourself.
15. I consider myself support for our Sales and Marketing. We can't make things happen without each other. We are a team.
16. Loyalty and respect are earned—not dictated.
17. Fear is a turnoff.
18. People skills are very important at Arthur J. Gallagher & Co.
19. We're a very competitive and aggressive Company.
20. We run to problems—not away from them.
21. We adhere to the highest standards of moral and ethical behavior.
22. People work harder and are more effective when they're turned on—not turned off.
23. We are a warm, close Company. This is a strength—not a weakness.
24. We must continue building a professional Company—together—as a team.
25. Shared values can be altered with circumstances—but carefully and with tact and consideration for one another's needs.

When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

Robert E. Gallagher - May 1984

- Top Ten
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- 1997 – Wyatt Gallagher Bassett joint venture
- 1997 – ARTEX
- 1998 – 4th largest broker in the world
- 1999 – Niche Practice Groups
- 2000 – RISXFACS.com
- 2002 – 75 years – \$1 Billion
- 2004 – \$1.5 Billion
- 2005 – AVC Transparency
- 2006 – Bob Gallagher Legacy

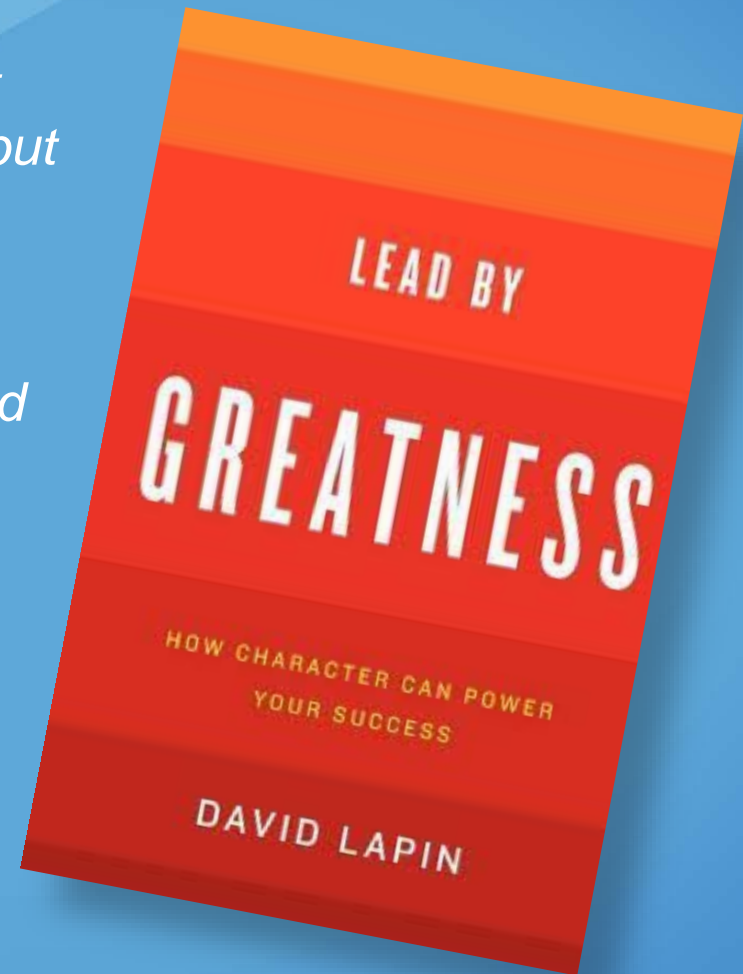
- 2007/08 – India
- 2011 – \$2 Billion in revenues
- 2013 – Chief Executive Magazine Award – Best Companies for Leaders
- 2014 – \$3 Billion
- 2015 – Forbes – America’s Best Employers
- 2015 – J D Power “Highest in Customer Satisfaction Among Brokers for Large Commercial Insurance”
- 2015 – Reached \$4 Billion



- 2016 – Added to Fortune 500
- 2016 – Added to Standard & Poor's 500
- 2017 – 2012, 2013 & 2014, 2015, 2016 & 2017 – World's Most Ethical Companies

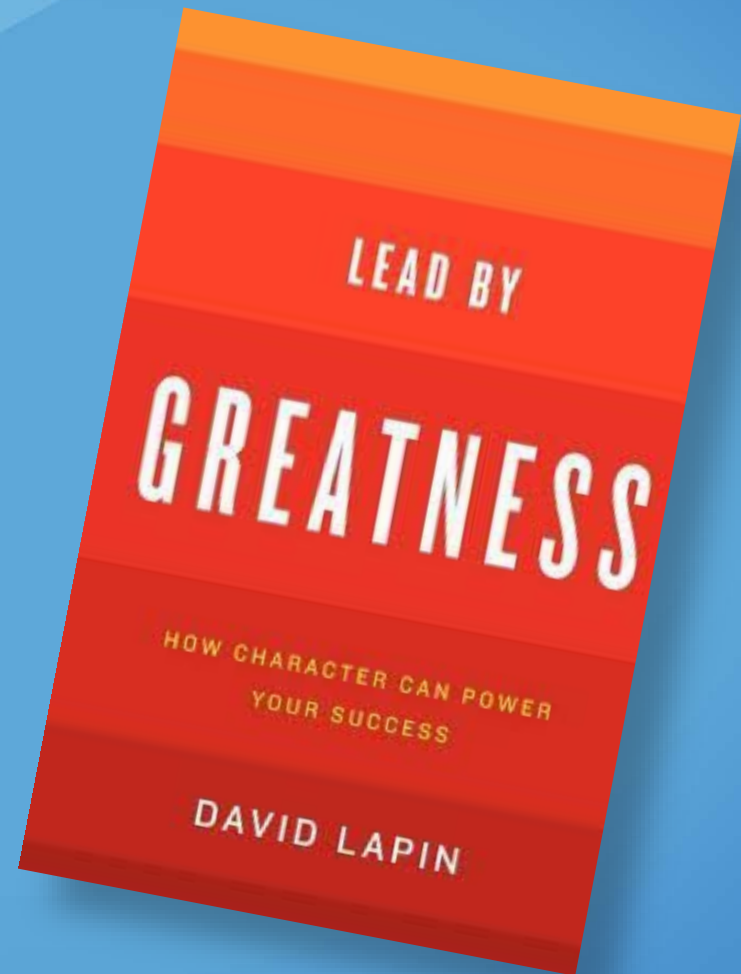
*“Yes, a corporation has a soul, too. It may sound like an abstract concept, but just as each individual possesses a unique and singular soul, every corporation possesses an inimitable soul, as well - and whether recognized or overlooked, it is fundamental to corporate success. In a soulless organization, it is impossible to generate human energy, transmit a sense of purpose, or tap human greatness.”*

*David Lapin*



*“Culture also reflects an organization’s soul and is responsible for generating human energy. Culture even permeates the customer experience.”*

*David Lapin*



History is Important

Where we came from...  
What's in our DNA

# Arthur J. Gallagher's 1927 Resignation Letter

August 25, 1927.

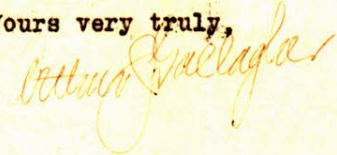
Moore Case Lyman & Hubbard,  
Insurance Exchange,  
Chicago Ill.,

Attention of Mr. F. W. Moore,  
Personal & Confidential.

Gentlemen:

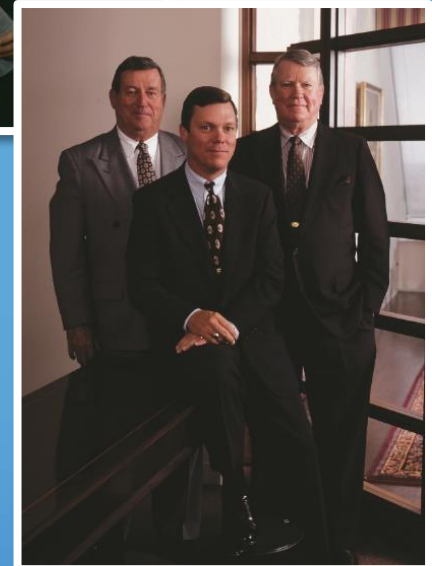
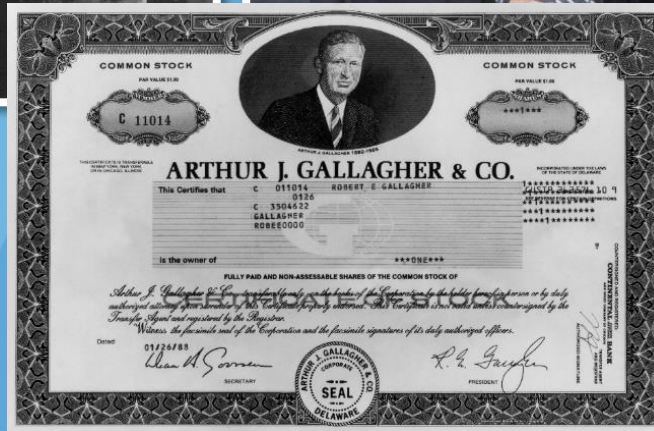
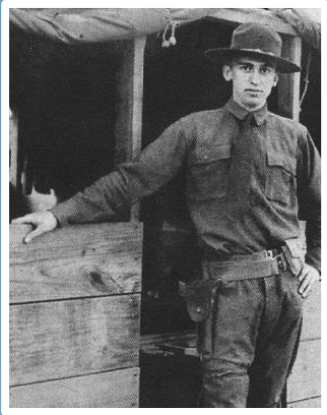
After due consideration, I wish to terminate my association with the firm of Moore Case Lyman & Hubbard, my resignation to take effect October 1, 1927.

Yours very truly,





# Founders' Room

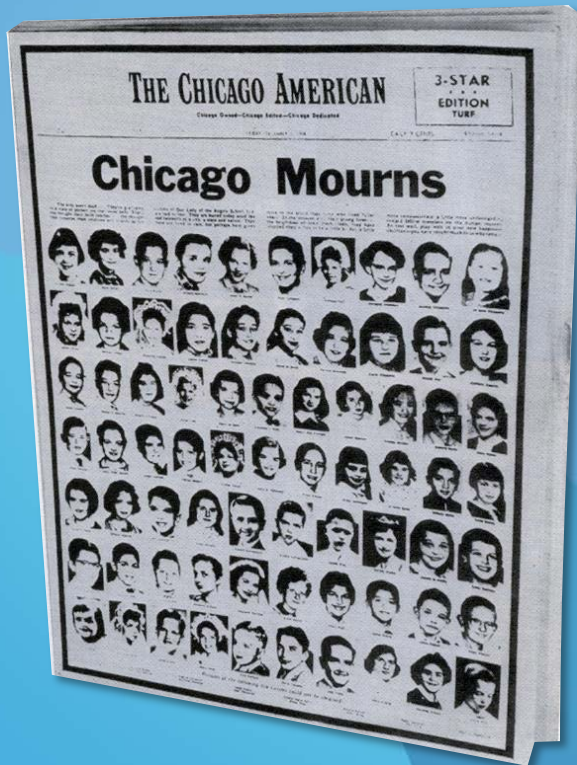


# 1949 Golf Outing – Arthur Gallagher and his sons





# Our Lady of Angels Fire





# Beatrice – Gallagher Bassett's first customer 1962



# Archdiocese of Chicago 1965



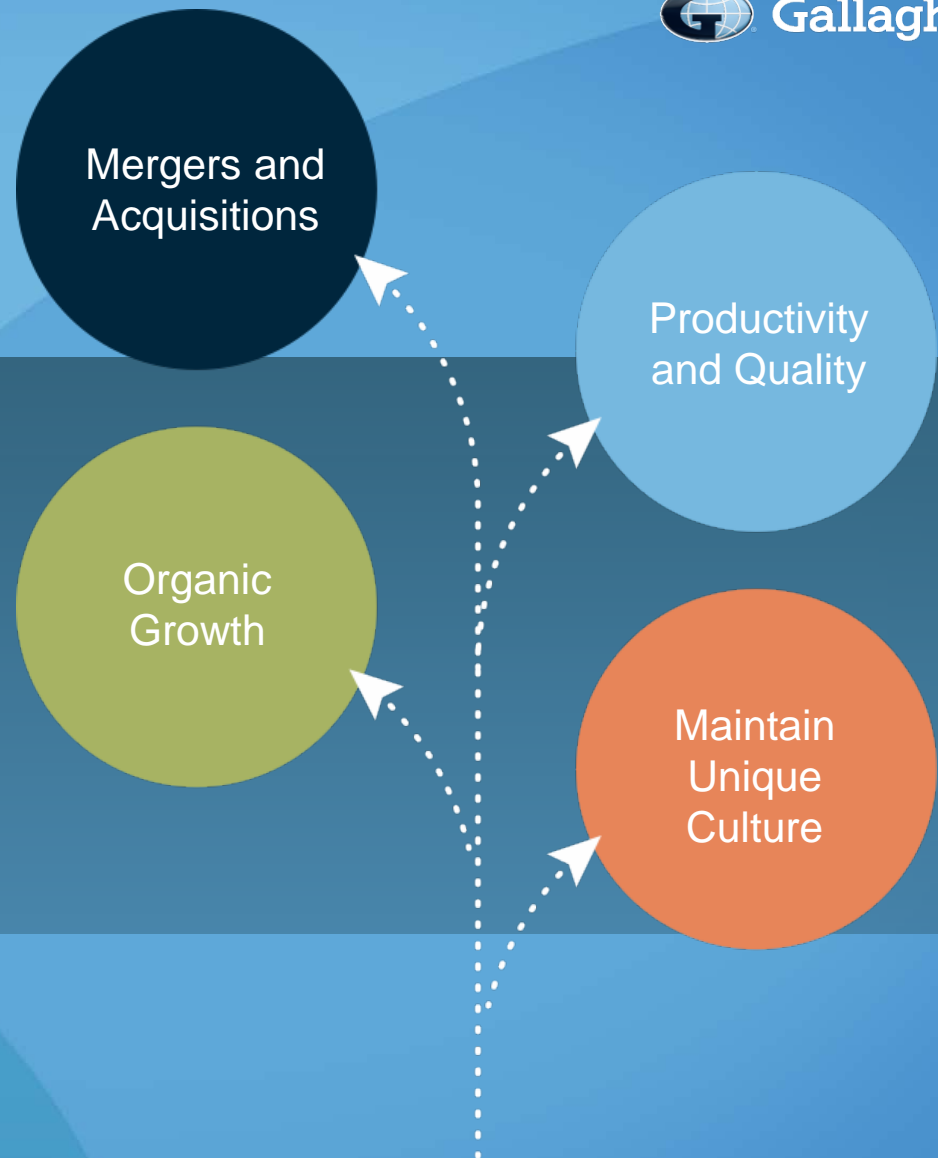
# 2014 Australia, New Zealand, Canada, UK – M&A

# 2012, 2013, 2014, 2015, 2016 and 2017 Named a World's Most Ethical Company



# 2016 Reach \$4.2 Billion in Operating Revenues

# The Consistent Growth Strategy



# The Glue

# The Culture



# Corporate Social Responsibility



2017 is our  
**90th Anniversary**  
90,000 hours of service

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- When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

— Robert E. Gallagher  
May 1984



Arthur J. Gallagher & Co.

## The Gallagher Way

# What Does This Mean?

# 20 Years Back

Year	Operating Revenues (Brokerage & Risk Mgmt)	Net Earnings	Employees	Per Capita Revenues
1997	\$488,028,000	\$53,316,000	4,000	\$122,007
1998	\$540,655,000	\$56,501,000	4,420	\$122,000
1999	\$605,836,000	\$67,753,000	4,755	\$127,000
2000	\$740,596,000	\$87,776,000	5,410	\$137,000
<b>2001</b>	<b>\$805,000,000</b>	<b>\$125,000,000</b>	<b>5,974</b>	<b>\$135,000</b>
2002	\$964,700,000	\$129,900,000	6,476	\$149,000
2003	\$1,163,100,000	\$146,200,000	6,613	\$176,000
2004	\$1,380,300,000	\$188,500,000	7,657	\$180,000
2005	\$1,428,900,000	\$150,700,000*	7,953	\$180,000
<b>2006</b>	<b>\$1,470,100,000</b>	<b>\$138,400,000*</b>	<b>8,533</b>	<b>\$172,000</b>
2007	\$1,623,300,000	\$138,800,000	9,102	\$178,000
2008	\$1,652,700,000	\$111,400,000	9,863	\$168,000
2009	\$1,729,400,000	\$133,100,000	9,840	\$176,000
2010	\$1,802,700,000	\$163,300,000	10,736	\$168,000
<b>2011</b>	<b>\$2,105,300,000</b>	<b>\$144,100,000</b>	<b>13,597</b>	<b>\$170,000</b>
2012	\$2,399,300,000	\$195,000,000	14,924	\$175,000
2013	\$2,755,300,000	\$268,600,000	18,055	\$169,000
2014	\$3,578,600,000	\$303,400,000	22,375	\$177,000
2015	\$4,051,100,000	\$356,800,000	23,857	\$188,000
<b>2016</b>	<b>\$4,246,000,000</b>	<b>\$414,400,000</b>	<b>24,790</b>	<b>\$188,000</b>



**Pat Gallagher**  
Chairman, President and CEO



**Jim Gault**  
Chairman – Brokerage



**Jim Durkin**  
Chairman – GBS



**Dave McGurn**  
Chairman – RPS



**Tom Gallagher**  
CEO – Brokerage



**Bill Ziebell**  
CEO – GBS



**Joel Cavaness**  
President – RPS



# We Are Just Getting Started!