

McGrath Susan E  
Form 4  
August 07, 2012

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
McGrath Susan E

2. Issuer Name and Ticker or Trading Symbol  
GALLAGHER ARTHUR J & CO  
[AJG]

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

(Last) (First) (Middle)  
  
ARTHUR J. GALLAGHER &  
CO., TWO PIERCE PLACE  
  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/03/2012

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Chief Human Resources Officer

ITASCA, IL 60143

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	08/03/2012		M	2,400	A \$ 24.13	10,593	D
Common Stock	08/03/2012		M	2,292	A \$ 28.65	12,885	D
Common Stock	08/03/2012		M	2,558	A \$ 23.76	15,443	D
Common Stock	08/03/2012		M	6,000	A \$ 26.09	21,443	D
Common Stock	08/03/2012		M	1,280	A \$ 30.95	22,723	D

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Common Stock	08/03/2012	M	15,000	A	\$ 28.59	37,723	D
Common Stock	08/03/2012	S	8,193 (1)	D	\$ 35.84 (2)	29,530	D
Common Stock	08/03/2012	S	29,530 (3)	D	\$ 35.62 (4)	0	D
Common Stock (restricted)						28,124	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Non-qualified Stock Option	\$ 30.95	08/03/2012		M	1,280	(5)	03/07/2018	Common Stock	1,280
Non-qualified Stock Option	\$ 24.13	08/03/2012		M	2,400	(6)	03/02/2017	Common Stock	2,400
Non-qualified Stock Option	\$ 28.65	08/03/2012		M	2,292	(6)	05/15/2017	Common Stock	2,292
Incentive Stock Option (Right to Buy)	\$ 28.59	08/03/2012		M	15,000	(7)	01/17/2017	Common Stock	15,000
Non-qualified Stock Option	\$ 23.76	08/03/2012		M	2,558	(6)	03/05/2018	Common Stock	2,558
Non-qualified Stock Option	\$ 26.09	08/03/2012		M	6,000	(7)	05/13/2018	Common Stock	6,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McGrath Susan E ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143			Chief Human Resources Officer	

## Signatures

/s/ April Hanes-Dowd, by power of attorney

08/07/2012

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares held by the reporting person under the Company's Employee Stock Purchase Plan.

The price reported is an average weighted price. The shares were sold in multiple transactions at prices ranging from \$35.80 to \$35.87.

(2) The reporting person will provide to the Securities and Exchange Commission staff, the issuer, or any security holder of the issuer, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.

(3) Shares from the exercise of stock options.

The price reported is an average weighted price. The shares were sold in multiple transactions at prices ranging from \$35.45 to \$35.81.

(4) The reporting person will provide to the Securities and Exchange Commission staff, the issuer, or any security holder of the issuer, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.

(5) The stock option becomes exercisable 20% each year on the anniversary of the grant date.

(6) The stock option becomes exercisable 20% each year on the anniversary of the grant date.

(7) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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