

McGrath Susan E
Form 4
August 07, 2012

FORM 4

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

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

OMB APPROVAL

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(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 ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) 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)
__X__ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(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)
				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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