

GALLAGHER ARTHUR J & CO
Form 8-K
February 11, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

February 11, 2011

Date of Report: (Date of earliest event reported)

ARTHUR J. GALLAGHER & CO.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of
incorporation or organization) (Commission
File Number) (I.R.S. Employer
Identification Number)
Two Pierce Place, Itasca, Illinois 60143-3141, (630) 773-3800

(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

The information required by this item with respect to the Purchase Agreement (as defined below) is incorporated herein by reference to Item 2.03.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On February 10, 2011, Arthur J. Gallagher & Co. (Gallagher) and certain of its subsidiaries (collectively, the Subsidiary Obligors) issued, in a private placement, \$75 million aggregate principal amount of 5.18% Series D Senior Notes, due February 10, 2021, and \$50 million aggregate principal amount of 5.49% Series E Senior Notes, due February 10, 2023 (collectively, the Notes). Interest on the Notes is payable semi-annually in arrears on February 10 and August 10 of each year, beginning on August 10, 2011. Gallagher issued the Notes pursuant to the terms of a Note Purchase Agreement dated as of February 10, 2011 (the Purchase Agreement) with certain accredited institutional investors (collectively, the Purchasers). The Notes are senior unsecured obligations of Gallagher and the Subsidiary Obligors and rank equal in right of payment with all other senior unsecured indebtedness of Gallagher and the Subsidiary Obligors.

The Purchase Agreement contains customary provisions for transactions of this type, including representations and warranties regarding Gallagher and its subsidiaries and various covenants, including covenants that require Gallagher to maintain specified financial ratios. The Purchase Agreement provides for customary events of default, generally with corresponding grace periods, including, without limitation, payment defaults with respect to the Notes, covenant defaults, cross-defaults to other agreements evidencing indebtedness of Gallagher or its subsidiaries, certain judgments against Gallagher or its subsidiaries and events of bankruptcy involving Gallagher or its material subsidiaries.

Under the terms of the Purchase Agreement, the Notes are redeemable, in whole or in part, at 100% of the principal amount being redeemed, together with accrued and unpaid interest and a make-whole amount (as defined in the Purchase Agreement) with respect to each Note. If within 90 days after a change in control Gallagher (or its successor) does not have an investment grade rating , Gallagher is obligated to offer to prepay all of the outstanding Notes at the principal amount thereof plus accrued interest (but without any make-whole amount) (as each term is defined in the Purchase Agreement).

The foregoing summary is qualified in its entirety by reference to the Purchase Agreement and forms of the Notes, filed herewith as Exhibit 4.1 and Exhibit 4.2, respectively.

Item 7.01. Regulation FD Disclosure.

On February 10, 2011, Gallagher issued a press release announcing it had completed the issuance of the Notes. A copy of this press release is furnished herewith as Exhibit 99.

Item 9.01. Financial Statements and Exhibits.

4.1 Note Purchase Agreement, dated as of February 10, 2011, between Gallagher and the Purchasers.

4.2 Forms of Notes (included as Exhibits 1(a) and 1(b) to Exhibit 4.1 of this Form 8-K).

99 Press release, dated February 10, 2011, issued by Arthur J. Gallagher & Co.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Arthur J. Gallagher & Co.

Date: February 11, 2011

/s/ WALTER D. BAY

Walter D. Bay
Vice President, General Counsel and Secretary
(duly authorized officer)