

GALLAGHER ARTHUR J & CO
Form 10-Q
October 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2013

or

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File Number: 1-09761

ARTHUR J. GALLAGHER & CO.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2151613
(I.R.S. Employer
Identification No.)

Two Pierce Place, Itasca, Illinois 60143-3141

(Address of principal executive offices) (Zip code)

(630) 773-3800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's common stock, \$1.00 par value, as of September 30, 2013 was 131,538,000.

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Arthur J. Gallagher & Co.

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Table of Contents**Part I - Financial Information****Item 1. Financial Statements (Unaudited)****Arthur J. Gallagher & Co.****Consolidated Statement of Earnings****(Unaudited - in millions, except per share data)**

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Commissions	\$ 399.1	\$ 346.0	\$ 1,126.8	\$ 962.7
Fees	270.0	248.2	778.6	706.0
Supplemental commissions	17.8	16.6	53.4	50.3
Contingent commissions	6.5	7.7	43.5	37.0
Investment income	2.6	2.7	5.5	8.0
Net gains on books of business sales		0.7	3.3	1.4
Revenues from clean coal activities	134.9	28.4	264.1	80.3
Other net revenues	4.9	0.1	14.2	1.4
Total revenues	835.8	650.4	2,289.4	1,847.1
Compensation	412.5	373.9	1,211.9	1,082.4
Operating	133.1	121.6	404.7	353.6
Cost of revenues from clean coal activities	146.9	27.7	281.6	74.4
Interest	13.1	10.7	36.2	32.1
Depreciation	14.3	10.7	38.2	30.6
Amortization	30.8	25.8	90.1	73.1
Change in estimated acquisition earnout payables	(0.4)	3.7	1.5	1.0
Total expenses	750.3	574.1	2,064.2	1,647.2
Earnings before income taxes	85.5	76.3	225.2	