

GALLAGHER ARTHUR J & CO

Form 4

May 12, 2006

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 *
GALLAGHER J PATRICK JR

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)
05/11/2006

☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
President & CEO

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

ITASCA, IL 60143

(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) |
|---------------------------------------|---|---|---|---|--|--|---|
| Common Stock | 05/10/2006 | | G | V 4,750 D <u>11</u> | 135,041 | D | |
| Common Stock | 05/11/2006 | | M | 4,000 A \$ 7.97 | 139,041 | D | |
| Common Stock | 05/11/2006 | | S | 2,000 D \$ 27.018 | 137,041 | D | |
| Common Stock | 05/10/2006 | | G | V 2,800 A <u>11</u> | 171,250 | I | by Trust ⁽²⁾ |
| Common Stock | | | | | 150,000 | I | by Corporation |

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| | | | |
|---------------------------------|---------|---|------------|
| Common Stock | 101,238 | I | by Spouse |
| Common Stock | 88,406 | I | by Trust 2 |
| Common Stock (restricted) | 20,341 | D | |

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

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SEC 1474
(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 Underlying Security (Instr. 3 and 4) | 8. Amount of Underlying Security |
|---|--|---|---|--------------------------------------|---|--|--|---|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Non-Qualified Stock Option (right to buy) | \$ 7.97 | 05/11/2006 | | M | 4,000 | (3) 07/17/2006 | Common Stock | 4 |
| Non-Qualified Stock Option (right to buy) | \$ 9.25 | | | | | (3) 08/30/2008 | Common Stock | 1 |
| Non-Qualified Stock Option (right to buy) | \$ 18.5 | | | | | (3) 06/20/2010 | Common Stock | 2 |
| Non-Qualified Stock Option (right to buy) | \$ 22.7 | | | | | (3) 07/21/2012 | Common Stock | 2 |
| Non-Qualified Stock Option (right to buy) | \$ 24.9 | | | | | 01/01/2004(3) 07/16/2013 | Common Stock | 5 |
| Non-Qualified Stock Option (right to buy) | \$ 26.5 | | | | | (3) 07/19/2011 | Common Stock | 2 |

| | | | | | |
|---|----------|---------------|------------|-----------------|---|
| Non-Qualified Stock Option (right to buy) | \$ 27.1 | (3) | 05/16/2015 | Common Stock | 1 |
| Non-Qualified Stock Option (right to buy) | \$ 27.25 | (3) | 07/20/2015 | Common Stock | 5 |
| Non-Qualified Stock Option (right to buy) | \$ 29.42 | (3) | 07/21/2014 | Common Stock | 5 |
| Non-Qualified Stock Option (right to buy) | \$ 33.28 | 01/01/2005(3) | 03/31/2014 | Common Stock | 1 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| GALLAGHER J PATRICK JR ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143 | X | | President & CEO | |

Signatures

By: John C. Rosengren For: J. Patrick
Gallagher, Jr. 05/12/2006

__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) This transaction involves a gift.
- (2) Held in trust for benefit of minor children.
- (3) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

Remarks:

The directly owned common stock holdings reflected in Table I of this form include shares purchased through Arthur J. Gallag

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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