

GALLAGHER ARTHUR J & CO

Form 4

May 18, 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 *
ROSENGREN JOHN C

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)
05/16/2006

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)
VP, Gen. Counsel & Secretary

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

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)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	05/17/2006		M		3,200	A	\$ 7.97	27,563	D
Common Stock	05/17/2006		S		3,200	D	\$ 27.0369	24,363	D
Common Stock								10,953	I
Common Stock (restricted)								3,889	D

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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 Underlying (Instr. 3 and		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 7.97	05/17/2006		M		3,200		<u>(1)</u>	07/18/2006	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.03	05/16/2006		A		3,237		<u>(1)</u>	05/15/2016	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 9.25							<u>(1)</u>	08/31/2008	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5							<u>(1)</u>	06/21/2010	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 22.7							<u>(1)</u>	07/22/2012	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9							01/01/2004 ⁽¹⁾	07/16/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.5							<u>(1)</u>	07/20/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.25							<u>(1)</u>	07/20/2015	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 29.42							<u>(1)</u>	07/21/2014	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ROSENGREN JOHN C ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143			VP, Gen. Counsel & Secretary	

Signatures

John C.
Rosengren

05/17/2006

**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) 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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