

GALLAGHER ARTHUR J & CO

Form 4

May 26, 2005

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 ROBERT 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

3. Date of Earliest Transaction
(Month/Day/Year)
05/25/2005

☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify
Chairman)

(Street)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---------|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 05/25/2005 | | J | | 100,000 | D | \$ 0 | 624,469 | D | |
| Common Stock | 05/25/2005 | | J | | 100,000 | A | \$ 0 | 100,000 | I | by Trust 6 <u>(1)</u> |
| Common Stock | | | | | | | | 400,000 | I | by Trust <u>(2)</u> |
| Common Stock | | | | | | | | 300,000 | I | by Trust 2 <u>(3)</u> |
| Common Stock | | | | | | | | 276,048 | I | by Trust 3 <u>(4)</u> |

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| | | | |
|------------------------------|---------|---|-------------------|
| Common Stock | 400,000 | I | by Trust 4 (5) |
| Common Stock | 500,000 | I | by Trust 5 (6) |
| Common Stock (restricted) | 8,333 | 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 of Underlying Securities (Instr. 3 and 4) |
|---|--|---|---|--------------------------------------|--|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Non-Qualified Stock Option (right to buy) | \$ 27.1 | | | | | (7) 05/16/2015 | Common Stock 18,450 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------|-------|
| | Director | 10% Owner | Officer | Other |
| GALLAGHER ROBERT E ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143 | X | | Chairman | |

Signatures

By: John C. Rosengren For: Robert E.
Gallagher

05/25/2005

__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).

Securities held of record by Flagship II, LLC, an Illinois limited liability company. Voting membership interests are owned by the

(1) reporting person and non-voting membership interests are owned by the reporting person (1%) and a family trust (99%). The reporting person disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.

(2) Held in irrevocable trust by three trustees for the benefit of spouse.

(3) Held in trust for benefit of grandchildren.

(4) Held in trust for benefit of daughter.

(5) Held in irrevocable charitable trust.

Securities are held of record by Flagship Limited Partnership, an Illinois limited partnership ("Flagship"). The reporting person is the

(6) general partner of Flagship and, as such, may be deemed to be beneficial owner of such shares. The reporting person disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.

(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.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.