

GALLAGHER ARTHUR J & CO
 Form 4
 May 26, 2005

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
 MCGURN DAVID E 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)
 05/26/2005

____ Director
 Officer (give title below) _____ Other (specify below)
 Vice President

ITASCA, IL 60143

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

(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	05/26/2005		M	20,000 A \$ 8.59	156,933	D	
Common Stock	05/26/2005		S	20,000 D \$ 27.5566	136,933	D	
Common Stock					717	I	by Son
Common Stock					1,434	I	by Spouse (1)
					47,272	I	by Trust

Common
StockCommon
Stock
(restricted)

4,763 D

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

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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 Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 8.59	05/26/2005		M	20,000	(2) 06/11/2005		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 7.97					(2) 07/17/2006		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 9.25					(2) 08/30/2008		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5					(2) 06/20/2010		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 22.7					(2) 07/21/2012		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004(2) 07/16/2013		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.5					(2) 07/19/2011		Common Stock

